

Report for: Member Signing – Cllr Carlin – Finance & Local Investment

Item number: To be added by the Committee Section

Title: Award Microsoft Unified Support 3 year renewal

Report authorised by : Jess Crowe – Director of Culture, Strategy & Engagement

Lead Officer: Wasim Butt, Infrastructure Manager

Ward(s) affected: N/A

Report for Key/ Key Decision

1. Describe the issue under consideration

This report requests that the Cabinet Member for Finance and Local Investment to approve the award of contract as allowed under CSO 16.02 to Microsoft UK Ltd. This support contract can only be purchased directly from Microsoft. The Council's Microsoft Unified support contract ends March 2024. As the Council has a major investment in Microsoft technologies it is vital that the support contract is renewed allowing access to premier support services directly from Microsoft. These services cover both proactive and reactive services.

Failure to renew the support contract, could expose the Council to risk and additional costs by having to pay higher rates for support.

	Annual purchase cost	36-month cost
Option 3 yr1	£196,047.31	£184,047.31
Option 3 yr2 with Est 20% Inc.	£235,256.77	£194,342.95
Option 3 yr3 with Est 20% Inc.	£282,308.12	£207,160.66
Option 2 - 36 months		£582,550.92
Total	£713,612.20	£582,550.92

Taking the 3year option would achieve a saving of £12,000.00 in year 1 with an estimated cost avoidance of £119,061.28 in years 2 & 3 (increases have normally been between 20-40%pa). Making the total value of savings and cost avoidance £131,061.28. The costs would still be charged on an annual basis.

2. Cabinet Member Introduction

3. Recommendations

To award a contract to Microsoft UK Ltd for 3 years from 1/4/24 at a cost of: **£582,550.92.**

4. Reasons for decision

As Haringey Council's IT infrastructure is based upon Microsoft technologies, ensuring that the on-site Digital & Change support team have access to Microsoft support engineers and consultants is a critical requirement in providing high level service availability. Failure to establish a support contract could involve disruption to Councils services, and additional costs should the Council look to Microsoft for support in the event of an issue.

5. Alternative options considered

There were five options that were considered:

1. Do Nothing – Do Not Renew

While this is a theoretical option, the potential financial, technical and political impact on Haringey could be immense. This option was therefore not considered any further.

2. Unified Support Option 1 - £173,647.31

This support arrangement, while the cheapest, does not provide sufficient proactive services and should be viewed a minimum offering. Support for workshops and technical briefings would need to be costed separately, typically at a much higher price. Historically, these are services that have been used and have been very beneficial.

3. Unified Support Option 2 - £185,897.31

This option is closely aligned with Haringey's requirements and would have been selected if it were not due to the increased focus on data sharing, information governance and the current SharePoint project.

4. Unified Support Option 3 - £196,047.31

Last year, unified support option 3 was selected as this enabled the council to fast track the enablement of E5 features. The use of an engineer aligned with the council's outcomes provided much value and has been very well received by the engineering team. Based upon the requirement to deliver data driven key initiatives this year i.e. assisting the SharePoint project, data retention policies, data loss prevention, information tagging, controlling data sharing, implementing GDPR and information governance, the inclusion of a dedicated engineering resource should enable the Council to deliver on these outcomes in a best practices fashion.

As last year, having an engineer engaged would allow us to "fast track" changes (having the technical knowledge and experience) and be a direct escalation route into Microsoft.

5 Unified Support Option 3 –36 month Option - £582,550.92

This is the first time a 3year option has been available to procure. This would not only save/avoid price increases but also save time in the procurement process. It would still offer the same services provided under option 3 but over a 3year period.

6. Background information

Microsoft Unified support cost is made up of the following elements:

- A base cost at, approximately 20% of the license cost (have moved from E3 to E5)
- Additional proactive services and enhanced solutions (credits / workshop and other custom engagements)
- Discounts based upon software assurance benefits – (% usable is based upon spend and caps based upon licenses)
- Financial market increase (inflation, exchange rates, Microsoft price increases etc)

The table below shows the increase in prices across all three options. In addition, the percentage increase this year is less than last year.

Proposal	Current Cost	Last Year Cost	% Increase
Option 1	£173,647.31	£132,458.91	31.1% (YR23/24 was 51.8%)
Option 2	£185,897.31	£140,162.91	32.4% (YR23/24 was 49.1%)
Option 3	£196,047.31	£158,394.42	23.8% (YR23/24 was 40.9%)

(see Microsoft's support offering for details on the options)

This support contract is only available directly with Microsoft and is normally for one year only. Resellers cannot offer this support service.

Being a Microsoft house, an effective support contract is vital in being able to support an enterprise environment and ensure services are delivered to our citizens.

The council have always had a support contract directly with Microsoft as this option is not available via a 3rd party. The support contract is normally only available on a yearly basis.

Microsoft have this year offered a potential 3year term allowing for cost avoidance over the 3year term of approximately £130K.

While the attached proposal from Microsoft explains in detail the benefits that can be achieved, Digital & Change have reviewed this proposal and are

confident that this represents the best combination of technical and value for money and is strongly aligned with Council objectives.

7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes?

As a key enabler, a robust, modern and flexible IT infrastructure is vital in enabling business to achieve corporate outcomes.

8. Carbon and Climate Change

All services are provisioned in the cloud without the necessary hardware being deployed in Haringey's Data Centre

9. Statutory Officers comments (Director of Finance (procurement), Assistant Director for Legal and Governance, Equalities)

Finance

The £582,551 cost of this three-year contract award will be funded from the Digital and Change revenue contracts budget which will be topped up at an appropriate point during the year from the inflation provision in the 24/25 corporate budgets to reflect contract inflation on Digital contracts.

The opportunity to lock into a three-year deal for this key support contract and achieve c.£130,000 of cost avoidance, based on recent inflationary uplifts applied to the annual contract, provides value for money to the Council.

Strategic Procurement

Strategic Procurement have been consulted in the preparation of this report. The decision to award under Reg.32(2)(b)(ii) of the Public contract Regulations 2015, competition was absent for technical reasons, was taken as Microsoft are the proprietary owners of the software and the support procured can only be provided by Microsoft, any other providers would have to refer Haringey's requests to Microsoft.

Strategic Procurement support the recommendations in section 3 of this report.

Assistant Director for Legal and Governance (Monitoring Officer)

The Assistant Director for Legal and Governance has been consulted in the preparation of this report.

The services are above the threshold where the tendering requirements in the Public Contracts Regulations 2015 apply.

The Council is utilising Regulation 32 (2) (b) (ii) to award this contract. This is award of a contract without prior publication of a notice where competition is absent for technical reasons.

The award of the contract is a Key Decision and as such will need to comply with the Council's governance processes in respect of Key Decisions including publication in the Forward Plan.

It falls to Cabinet to award a contract which is a Key Decision (CSO 9.07.1 d). However in-between meetings of the Cabinet the Leader may take any such decision or may allocate to the Cabinet Member with the relevant portfolio (CSO 16.02).

The Assistant Director for Legal and Governance (Monitoring Officer) confirms that there are no legal reasons preventing the Cabinet Member for Finance and Local Investment from approving the recommendations in this report.

Equality

The council has a Public Sector Equality Duty (PSED) under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

There are no equality implications arising from this decision.

10. Use of Appendices

Microsoft Proposal

11. Background papers

