

**Meeting:** Cabinet **Date:** 19<sup>th</sup> September 2023

**Wards affected:** All

**Report Title:** Contract Award to purchase E5 M365 licences

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## 1. Purpose of Report

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- 1.1 The current contract for M365 licences ends on 31<sup>st</sup> December 2023. We are currently using the E3 version of M365.
- 1.2 On 30 May 2023, the Council's senior officers supported the purchase of E5 M365 for the next 3-year contract as a proof of concept, to determine whether the Council could make effective use of the extra functionality offered by E5. This Business Case can be found in Exempt Appendix 1.
- 1.3 The report seeks approval to award the contract for the purchase of E5 M365 licences.

## 2. Reason for Proposal and its benefits

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- 2.1 The proposals in this report help us to deliver this ambition by purchasing E5 M365 licences at a greatly discounted price. The preferred supplier offers the Government Enterprise Agreement, which discounts M365 licence costs by 32%. As we are upgrading from E3 to E5, we can utilise Microsoft's "Ramp", which offers discounts of 45% and 39% for the 1<sup>st</sup> and 2<sup>nd</sup> years respectively. Owing to the additional discounts, the cost of E5 is only £30k more expensive than E3 for the 3-year period. Only a very limited number of Microsoft resellers (7) can offer the "Ramp". These cost savings will benefit everyone. Also, as Power BI Pro licences are free with E5, data analysis for decision makers will be significantly improved. As well as the "Ramp", the preferred supplier offers a range of other benefits in terms of expertise and free workshops/training from Microsoft, which have enabled the organisation to utilise the full functionality of M365. None of the other 6 resellers offer all of these benefits. This results in more effective use of our Microsoft products, some of which will deliver further cost savings.

- 2.2 The reasons for the decision are mainly financial. If we do not purchase the E5 licences from one of the 7 resellers offering the Government Enterprise Agreement, we will not receive the annual discounts of 45%, 39% and 32% respectively for the 3-year contract period. Awarding the contract to the preferred supplier also enables us to take advantage of the additional benefits offered. Owing to Microsoft's lead time to process the order, the order needs to be raised before the end of November 2023.

### 3. Recommendation(s) / Proposed Decision

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1. That a 3-year contract be awarded to the preferred supplier as set out in Exempt Appendix 2.

### Appendices

Appendix 1: Business Case (Exempt)

Appendix 2: Contract Details (Exempt)

### Background Documents

None

# Supporting Information

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## 1. Introduction

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- 1.1 The current contract for E3 M365 licences ends on December 31<sup>st</sup> 2023. As well as E3 licences, we have licences for a number of other Microsoft products, including Power BI Pro, E5 Security, Project, Visio and PowerApps.
- 1.2 Following Senior Officers support to purchase E5 M365, subject to approval by Cabinet, the new contract would start in January 2024 and will cover licences for E5 M365 and the other MS products, apart from Power BI Pro and E5 Security, which are part of E5 (so we will be making savings there). The E5 licences also include E5 Compliance, which we are not currently using but Information Governance are very keen to trial this during the 3-year proof of concept as it will improve information governance and reduce the risk of data loss.

## 2. Options under consideration

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- 2.1 Option 1 - Award to the preferred supplier based on the justification in Section 2 of the main report.
- 2.2 Option 2 – Not to award to the preferred supplier. The main disadvantage with this option is that if we do not purchase the E5 licences from one of the 6 other Microsoft resellers offering the Government Enterprise Agreement, the costs will be significantly higher. We will also be at risk of not being able to raise the order by the end of November. Although not so critical, we would also lose the additional benefits that the preferred supplier can provide us with.

## 3. Financial Opportunities and Implications

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- 3.1 M365 licence costs are fixed for each 3-year contract period so we were already aware that there would be a price increase for the new contract starting in January 2024, with full year impact in future years. E5 is usually significantly more expensive than E3 but the “Ramp” has reduced the difference to under £30k over the 3-year period.
- 3.2 Discussions have taken place with Finance colleagues to identify the future finance requirements for E5, with the financing being incorporated into the Medium-Term Financial Plan and budget process for 2024/25.

## 4. Legal Implications

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- 4.1 None

## 5. Engagement and Consultation

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- 5.1 Colleagues across the Council including Information Governance have been consulted in terms of an initial investigation of the benefits of E5 Compliance (free with E5) and will carry out a full investigation of the benefits and the staff resources required to make effective use of it during the 3-year proof of concept.

## 6. Purchasing or Hiring of Goods and/or Services

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- 6.1 Social Value is not included in this proposal because this is the procurement to rebuy M365 licences (albeit a different version) for existing software, used through the Council, without which the Council cannot function effectively.

## 7. Tackling Climate Change

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- 7.1 Microsoft's latest sustainability report can be found at [2022 Environmental Sustainability Report | Microsoft CSR](#). Microsoft aims to be Carbon *Negative* within 7 years.

## 8. Associated Risks

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- 8.1 Reduced service in terms of M365 licences. The preferred supplier offers the range of services that we require.
- 8.2 Potentially higher costs - the first two years' annual costs have been reduced by 42% and 39% respectively as a result of utilising Microsoft's "Ramp" discount, only available from 7 re-sellers.
- 8.3 Any delay could mean that the M365 licences aren't available on the first working day in January, causing significant disruptions as software such as Outlook (emails and calendars), Word, Excel and Teams would not be available to users.

## 9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

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	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people			There is no differential impact
People with caring Responsibilities			There is no differential impact
People with a disability			There is no differential impact

Women or men			There is no differential impact
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)			There is no differential impact
Religion or belief (including lack of belief)			There is no differential impact
People who are lesbian, gay or bisexual			There is no differential impact
People who are transgendered			There is no differential impact
People who are in a marriage or civil partnership			There is no differential impact
Women who are pregnant / on maternity leave			There is no differential impact
Socio-economic impacts (Including impact on child poverty issues and deprivation)			There is no differential impact
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			There is no differential impact

## 10. Cumulative Council Impact

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10.1 None

## 11. Cumulative Community Impacts

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11.1 None