

Procurement of Microsoft Licensing and Software Agreement

To: Assets and Procurement Committee

Meeting Date: 11 March 2026

From: Executive Director of Finance and Resources

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2026/052

Executive Summary: This report sets out the background to procure and award the new Microsoft Enterprise Software agreement.

The outcome, if agreed, is a contract that provides value for money and meets the licensing needs of the Council over the next three years.

Recommendation: The Assets and Procurement Committee is asked to:

- a) Agree the procurement of the Microsoft Enterprise Agreement contract.
- b) Delegate authority to the Executive Director for Finance and Resources in consultation with the Chair and Vice Chair of Assets and Procurement for awarding and executing a contract for the provision of Microsoft Enterprise Agreement starting 1 October 2026.

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1. Creating a healthy, fair and sustainable Cambridgeshire.

- 1.1 This Microsoft Enterprise Agreement provides all the licencing required to function as a service and an employee, including logging into a laptop/phone, accessing emails, writing and saving document and collaborating with all internal and external partners and stakeholders. It therefore supports all services delivering all the councils business plan.

2. Background

- 2.1 Cambridgeshire County Council uses Microsoft software extensively across all Directorates and their services. The Council is licensed to do so under the terms of its Microsoft Enterprise Agreement.
- 2.2 As well as providing all staff with the traditional software of email, calendar, Word and Excel that underpin the day-to-day function of the Council, the Office 365 suite of products includes a wide variety of tools that enable people to work collaboratively, differently and more effectively. A prime example of this is Teams, which, with its focus on collaboration and multiple means of communication supports flexible and remote working across all levels of the organisation and enhanced collaboration with external organisations and partners. This functionality is currently in regular use throughout the Council.
- 2.3 Currently, the Council's agreement is managed by Boxxe after it was awarded the contract after tender process in 2023 and with its guidance, the Council was able to secure £180,000 of cost avoidance by moving away from a direct like-for-like renewal and using various Microsoft initiatives identified by them to better fit our needs.
- 2.4 This procurement will be to select a new reseller for the licenses and services as the current supply agreement runs out at the same time as the Microsoft Agreement.

3. Main Issues

- 3.1 The current Agreement expires in September 2026 and there are no options to extend.
- 3.2 While the Customer & Digital Service continue to evaluate alternative software options for both new and existing systems currently the best and most cost effective in this instance is Microsoft software.
- 3.3 Microsoft pricing for all public sector has been agreed with central government and held under a Memorandum of Understanding via Crown Commercial Services, this is accessible via one of its framework agreements or via an aggregation opportunity. It is our experience that while aggregation does provide some like-for-like savings on licensing it often lacks the further support and advice so often required when licensing a large estate.
- 3.4 Previous similar procurements have shown receiving the correct advice on licensing models from a third-party supplier has led to large savings in terms of cost avoidance.
- 3.5 Our intention is to run a further competition tender under Crown Commercial Services Technology Products 2 framework (RM6098) for a new three-year Enterprise Agreement awarding on a balance of Price and Quality.

- 3.6 To date, over the past three years the spend on the current contract has been £5.5m. This is made up of three annual licensing renewals and the costs for support on Microsoft software related projects as the Council's software estate has been consolidated around Microsoft Office 365.
- 3.7 Microsoft have announced a 9% price increase across many of their software product lines last year and even though the Council has consolidated and reduced various licenses over the past twelve months, Crown Commercial Services have warned of potential further price increases in Microsoft licensing costs in the coming 12 months.
- 3.8 The new contract will be no higher than £5.3m (£1.8m per annum). The current year's budget allocated for Microsoft licensing is £1.817m and will increase to £1.828m in 2026-27 which takes into account the reductions and savings in licensing costs of £251k achieved during 25/26 in preparation for the renewal, plus inflation of 13% to reflect recent price increases. Inflation thereafter is included at 3%.
- 3.9 It is recognised that the proposed term of this contract extends beyond April 2028 and therefore beyond the timetable for Local Government Re-organisation. Officers have considered this and determine this to be necessary because market engagement/procurement planning has shown that a longer-term contract will secure best value for money both now and in the future and support the resilience of the market. Successor councils can choose to novate this contract thereby securing stability and continuity of service. All of our council partners also hold Microsoft agreements.

4. Alternative Options Considered

- 4.1 Alternative options that have been considered in formulating the recommendations contained in the report against the following:
- (a) Do nothing – we will simply stop being able to access any functions, hardware, systems or data currently licenced. In effect, the authority will stop functioning.
 - (b) Go out to tender – current recommendation
 - (c) Move to an alternative operating model - would take several years to embed and may be a consideration for the new unitary councils. However, this is not an option for the Council at the moment.

5. Conclusion and reasons for recommendations

- 5.1 All of the authorities in the LGR footprint have Microsoft EA's, as previously stated, it would take several years to move to an alternative platform. The Council review the licence numbers quarterly and adjust types and numbers of licenses used to ensure we get best value for money, and therefore recommend the authority progress with the procurement of a new Microsoft Agreement ready for 1st October 2026.

6. Significant Implications

6.1 Finance Implications

The contract is valued at £5.3 million over three years, which is within the allocated budget.

6.2 Legal Implications

The procurement must comply with the Procurement Act 2023, the Council's Contract Procedure Rules, and the requirements of the Crown Commercial Service framework used for the competition. A valid Enterprise Agreement must be in place to lawfully license all Microsoft products relied upon across the authority; failure to procure a replacement before expiry would leave the Council without the rights needed to access critical systems. Pathfinder Legal Services will review the procurement route and contract documentation prior to award.

6.3 Risk Implications

Not procuring an agreement in time would result in loss of access to Microsoft systems and services and the Council would not be able to carry out essential functions.

6.4 Equality and Diversity Implications

No implications identified.

6.5 Climate Change and Environment Implications

Microsoft have pledged to be Carbon Neutral by 2030

7. Source Documents

N/A