

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO CABINET**

**17<sup>th</sup> March 2026**

**Report Title: Procurement of Microsoft Licensing**

**Submitted by: Service Director, Information & Technology**

**Portfolios: One Council, People & Partnerships**

**Ward(s) affected: All**

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></b>
To seek approval to undertake a procurement exercise and award a contract for the renewal of the Council's Microsoft licensing agreement.	
<b><u>Recommendation</u></b>	
That Cabinet:	
<ol style="list-style-type: none"> <li>1. Agrees to procure new Microsoft Enterprise licences</li> <li>2. Delegates authority to the Service Director, Legal &amp; Governance and Service Director, Information &amp; Technology in consultation with the Portfolio Holder for Finance, Growth &amp; Town Centres, to undertake a compliant procurement exercise for the Council's Microsoft licences.</li> <li>3. Delegates authority to the Chief Executive, in consultation with the Portfolio Holder for One Council, People &amp; Partnerships, to award and enter in a contract for the renewal of the Council's Microsoft licences for a period of three years.</li> </ol>	
<b><u>Reasons</u></b>	
The Council's existing Microsoft Enterprise Subscription Agreement (ESA) expires in May 2026.	
The procurement exercise will help to ensure the Council achieves best value.	
Delegating authority to the Chief Executive in conjunction with the Portfolio Holder for One Council, People & Partnerships will ensure the Council can react quickly to any opportunities which avoid increased costs, whilst still operating in a transparent and safeguarded way.	

**1. Background**

- 1.1 The Council has operated under a Microsoft Enterprise subscription agreement (ESA) for the past three years, providing access to a comprehensive suite of Microsoft products and services at discounted rates.

- 1.2** This arrangement has been fundamental to the Council's digital transformation programme, One Council by ensuring secure, reliable, and scalable IT solutions that support staff, members, and public services. With the current agreement due to expire, it is vital to consider renewal to avoid disruption.
- 1.3** The Council makes use of a wide range of products and services, including:
- 1.3.1 Windows 11** – The Council equips officers with laptops running Windows 11, providing a secure, user-friendly, and up-to-date operating environment. This consistency simplifies IT management, allows for timely security updates, and supports staff productivity regardless of location.
  - 1.3.2 Outlook** - Outlook is the Council's primary tool for email communication, supporting both internal collaboration and external correspondence. Its integration with other Microsoft services ensures seamless calendar management, scheduling, and document sharing, which are essential for efficient council operations.
  - 1.3.3 Teams** - Microsoft Teams has become integral to the Council's communication strategy. It enables instant messaging, video conferencing, and document collaboration. Teams also supports telephony, enabling calls to be made and received through a unified platform. Microsoft Teams also facilitates the live broadcasting and recording of Council meetings.
  - 1.3.4 SharePoint** – SharePoint is widely utilised across the Council for secure document management, collaboration, and sharing. The system facilitates teamwork on draft documents, enables version control, and ensures information is easily retrievable, enhancing transparency and efficiency in Council operations.
  - 1.3.5 Microsoft Azure** - The Council has transitioned its IT infrastructure to Microsoft Azure, moving away from reliance on physical datacentres. Adopting Microsoft Azure has allowed the Council to significantly reduce its physical datacentre footprint. This transition contributes to the Council's sustainability goals by lowering energy consumption, reducing hardware waste, and minimising the environmental impact associated with on-premises infrastructure.
  - 1.3.6 Dynamics CRM** – Microsoft Dynamics CRM will provide the Council with a single case management solution, streamlining processes and ensuring a consistent approach to handling enquiries, service requests, and casework. The platform will enable a unified view of interactions and case histories, more informed decision-making and improved service for residents via a new customer portal.
- 1.4** To legally use the Microsoft products, the Council must ensure that it has the correct types and number of licenses in place. To ensure compliance with licencing requirements, the Council purchases and maintains its Microsoft obligations through an Enterprise Subscription Agreement, provided by a certified Microsoft Reseller.

## 2. Issues

- 2.1 The Council's Microsoft Enterprise Subscription Agreement (ESA) is now due to expire on 31 May 2026.
- 2.2 Upon expiry of the current agreement expires, the Council will no longer be able to legally use the associated applications, systems and services as provided by Microsoft. This will include inability to access Microsoft Outlook, Teams, SharePoint and many other key business and communications systems.
- 2.3 Without access to such systems, the Council would be required to migrate away from Microsoft systems and services at pace. This would require significant financial investment, time and resources.
- 2.4 The inability to use Microsoft services would also have a significant impact on the delivery of services to our residents and businesses across the Borough.

## 3. Recommendation

**That Cabinet:**

- 3.1 **Agrees to procure new Microsoft Enterprise licences**
- 3.2 **Delegates authority to the Service Director, Legal & Governance and Service Director, Information & Technology in consultation with the Portfolio Holder for Finance, Growth & Town Centres, to undertake a compliant procurement exercise for the Council's Microsoft licences.**
- 3.3 **Delegates authority to the Chief Executive, in consultation with the Portfolio Holder for One Council, People & Partnerships, to award and enter in a contract for the renewal of the Council's Microsoft licences for a period of three years.**

## 4. Reasons

- 4.1 The renewal of the Microsoft Enterprise agreement is strategically aligned with the Council's operational needs and sustainability objectives.
- 4.2 The renewal also ensures the Council, its staff and Councillors remain well-positioned to deliver high-quality services to residents, adapt to future challenges, and realise further efficiencies.
- 4.3 The Council propose to join an aggregated procurement exercise via the Crown Commercial Services (CCS) framework. This framework allows for the aggregation of Microsoft products across public sector organisations to obtain greater discounts from the standard RRP price.
- 4.4 Following the authority's latest renewal in 2023, the Council has undertaken significant steps in maximising the use of features which are already available as part of the Council's license.

- 4.5 The procurement will also support the implementation of the Council's new CRM, Microsoft Dynamics 365 as the aggregated procurement will enable a lower per-licence cost per user compared to other procurement routes.
- 4.6 The procurement and award will also provide stability to Council operations as it navigates through Local Government Reorganisation (LGR) in the future.

## 5. Options Considered

- 5.1 Renewing the Council's Microsoft Enterprise Subscription Agreement represents the most cost-effective and practical solution for the Council.

### **Open Source**

Migrating to open-source alternatives would require significant investment in infrastructure, staff training, and system integration, while many core applications and services would still depend on Microsoft licences for compatibility. This would equate to a duplication of spend and lack of best value.

### **Not Renewing**

Furthermore, choosing not to renew the agreement would render the Council unable to operate its existing IT systems, including email, collaboration tools, and critical business applications. This would lead to severe disruption of services to residents, businesses, and visitors.

Renewal of the agreement ensures continuity, compliance, and value for money by leveraging existing investments and avoiding the substantial costs and risks associated with alternative options.

## 6. Legal and Statutory Implications

- 6.1 Data Protection Legislation requires the Council to take every reasonable technical precaution to protect the personal information that it processes. Keeping software up to date is a well-recognised and accepted method of reducing the risk of a cyber-related incident and a key activity identified by the National Centre for Cyber Security.
- 6.2 Having a valid ESA in place will ensure that the Council continues to have access to the latest Microsoft software and security updates, which is essential as part of the Council's cyber security defences.
- 6.3 The use of the CCS framework is a procurement solution that achieves best value for money and is compliant with the Council's procurement regulations.

## 7. Equality Impact Assessment

- 7.1 No adverse impact has been identified as a result of delivering this proposal.

## 8. Financial and Resource Implications

- 8.1 Renewing the Microsoft Enterprise agreement represents a significant, but necessary, investment in the Council's operational effectiveness. The consolidated licensing model delivers cost predictability and value for money,

eliminating the need for piecemeal procurement. Whilst also, providing access to essential IT services, supporting continued digital transformation, and reinforcing the Council's commitment to sustainability.

- 8.2 The agreement ensures access to enterprise-grade support and ongoing product updates, reducing risks associated with security vulnerabilities and system obsolescence.
- 8.3 Working alongside our Microsoft Partner, the Council have reviewed the current licenced products to ensure they utilised and right sized for the Council's needs and requirements.
- 8.4 The total contract value is £685,892.40 will be funded via the Technology Services main revenue budget.
- 8.5 Whilst the total contract value is derived from the number of licenced products at the time of this procurement, this is subject to change as additional licences are added. Any changes to the licence or product base will be added to the Council's Microsoft agreement and an individual invoice issued on an annual basis – this is referred to as a 'true-up'.
- 8.6 An ESA is a three-year commitment, however at each anniversary point (every 12 months) there is an opportunity to review the current licencing requirements in line with organisational requirements.

## 9. Major Risks & Mitigation

- 9.1 The council runs a risk to the delivery of operational services where it fails to invest in ICT and modern technologies.
  - 9.1.1 This is an identified risk within the Corporate Risk Management system under the ICT Services and Corporate Risk profile.
  - 9.1.2 The council have already taken steps to mitigate this risk with control measures, such as the implementation of a Technology Strategy, Consolidation of hardware and software and the One Council transformation programme.
  - 9.1.3 The procurement of suitable Microsoft licences will ensure the Council is authorised and licensed to utilise key business applications, systems and services.

## 10. UN Sustainable Development Goals (UNSDG)



## 11. One Council

Please confirm that consideration has been given to the following programmes of work:

**One Commercial Council**

*We will make investment to diversify our income and think entrepreneurially.*

**One Digital Council**

*We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.*

**One Sustainable Council**

*We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle*

**12. Key Decision Information**

**12.1** The overall contract value will be a revenue commitment in excess of £100,000 and as such is considered as a key decision

**13. Earlier Cabinet/Committee Resolutions**

**13.1** [April 2023 – Cabinet](#) - Renewal of Microsoft Enterprise Agreement

**13.2** [January 2019 – Cabinet](#) – Renewal of Microsoft Enterprise Agreement

**13.3** [March 2017, Cabinet](#) – Renewal Options for Microsoft Enterprise Agreement

**14. List of Appendices**

**14.1** None.

**15. Background Papers**

**15.1** None