



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Cabinet

Tuesday, 10 March 2026

Report of Councillor Richard Cleaver -
Cabinet Member for Property and
Public Engagement

Contract Award for Microsoft Subscription Agreement

Report Author

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Purpose of Report

To approve the contract award for the Microsoft Subscription Agreement for £540,000 for a 3-year period commencing on 1 April 2026.

Recommendations

Cabinet is asked to approve the award of the contract for the Microsoft Subscription Agreement at an amount of £540,000 for a period of 3 years commencing on 1 April 2026.

Decision Information

Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Effective council
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 The annual costs identified in the report have been included in the proposed budgets for the following 3 years.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Procurement

- 1.2 A number of frameworks have been reviewed and SBS have been found to have the lowest commission rates. Use of this framework is a compliant route.

Completed by: Helen Baldwin (Procurement Lead)

Legal and Governance

- 1.3 Due to the cost of the recommended agreement Cabinet are required to take this decision.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

- 2.1 The Council's existing Microsoft Subscription Agreement expires on 31 March 2026. This contract is essential to ensure continuity of service across all corporate systems.
- 2.2 A Direct Award Approval Notice has been completed and authorised by both the SKDC Procurement Lead Officer and the Deputy Chief Executive, in line with SKDC Contract Procedure Rules. The contract is for a fixed period of three years with no extension provision and the annual cost is in accordance with the Framework prices.
- 2.3 These services will be procured via the NHS Shared Business Services (SBS) purchasing framework who offer a compliant framework for software licensing, including Microsoft, enabling SKDC to procure the required licencing to enable continuation of service. This framework was selected for the following reasons:

- The framework aligns and is compliant with SKDC's Contract Procedure Rules.
- It offers a low commission rate, delivering better value.
- A review of available frameworks concluded that the NHS SBS provided the most advantageous combination of compliance, cost and efficiency.

2.4 Following due diligence, we are satisfied that:

- The supplier offers best value through market comparison for the Councils requirements.
- The supplier can deliver the required licences within the Council's timescales
- The supplier scored the highest evaluated score for price/quality in the framework agreement evaluation.
- Will ensure continuity of service for Microsoft licences already deployed across the Council.

2.5 Based on the number of current licences the Council holds, the annual cost of this contract will be Year 1 - £165k, Year 2 - £180k and Year 3 - £195k. Totalling £540k over the life of the contract. This is an increase of £32k from the previous contractual arrangement due to an increase in user licences required, price increases from Microsoft and a higher level of licence requirement due to system changes.

3. Key Considerations

- 3.1. The Microsoft Subscription Agreement is essential for all Council service areas and is needed to ensure the continuation of productivity, correspondence, email, device management, and cyber-security functions across the Council.
- 3.2. By progressing the Microsoft Subscription agreement, we will continue to deliver on our ICT Strategy which is made up of two key principles.
- 3.3. These are:
- ICT platform – end to end interactions are simple and streamlined as possible. Any pro-cess complexity is hidden from our customers.
 - A Digital Workforce – enabling our staff to have access to the right tools to do their job and be confident in maximising the use and benefits of technology in daily work.

3.4. The Agreement covers a comprehensive range of Microsoft applications, this includes:

- Microsoft 365 Licence (523 – E5 Licenses)
 - Microsoft Office (Word, Excel, PowerPoint, Outlook) – essential for continuation of office productivity.
 - Exchange Online – provides for corporate email services.
 - Teams – ensures continued functionality for Council meetings and the communication platform used by officers and councillors.
 - Intune – ensures mobile and desktop device management for secure configuration.
 - PowerBI pro analytics – For report viewing or creation
 - Teams Phone – allows phone calls to be managed in the Teams application
 - Defender for Endpoint – provides Cyber-security protection for corporate devices in line with SKDC’s Cyber Security Strategy.
- Microsoft 365 (Word, Excel, PowerPoint, Outlook) – specifically for tablet devices. (75 – F3 Microsoft Office Licences)
- Windows server licences for the VMware server environment (32 – Windows Data Centre Server Licences)
- Licences for Physical servers (8 – Windows Standard Server Licences)
- Other licences include Teams room for meeting rooms, Vision, Project and Universal printing. (2 – SQL Server Licences)

3.5. Loss of the Microsoft subscription would result in:

- Immediate cessation of email and Teams, affecting all communication across the Council.
- Inability to access Microsoft 365 applications used daily by staff.
- Loss of maintenance, updates, and security patches.
- Increased cyber-security risk through absence of Defender.
- Devices (laptops, mobiles, tablets) becoming unmanaged, non-compliant and insecure.
- Server environments becoming unlicensed, risking shutdown of major systems.

3.6. The operational impact of ceasing these licences would be significant, causing widespread service disruption and directly affecting service delivery to the residents of the district.

4. Other Options Considered

4.1 Option 1 - Moving to an alternative environment. This option has been discounted for a variety of reasons.

4.2 These factors include that all laptops, servers, and applications would require full rebuilds or replacement. Many third-party software solutions used by the Council

are not compatible or tested on alternative provider platforms. Migration to a new environment would require significant external support, meaning periods of significant service downtime, along with the introduction of such a change would mean significant operational and security risks.

- 4.3 Option 2 - Not renewing the contract. This option is also not deemed to be viable as these licences provide critical business systems, including email, teams and file access meaning officers and councillors would be unable to perform core duties.
- 4.4 This option would also introduce significant security risk as devices would lose security protection, creating unacceptable cyber -security threat.

5. Reasons for the Recommendations

- 5.1. A Microsoft Subscription Agreement is required to ensure the Council can continue to use Microsoft applications, which include Windows Server software, Email, Word and Teams applications. Microsoft Intune and Defender applications provide device management and cyber security on all corporate laptops, tablets and mobile devices.
- 5.2. Changing to another provider would be a massive undertaking meaning all devices would need to be rebuilt including servers and laptops. Servers would also need rebuilding, and most software suppliers do not test on non-Microsoft environments. Days of downtime and much external support would be needed to attempt this scale of change.