

Report title: Renewal of Microsoft Office 365 Enterprise Agreement

Meeting	Portfolio Holder Delegated Decision
Date	20 November 2025
Cabinet Member (if applicable)	Cllr Dad
Key Decision Eligible for Call In	Yes Yes
Purpose of Report <ul style="list-style-type: none"> To provide a strategic update on the Council's use of Microsoft's Office software for the next three years. To seek a decision to award the Microsoft Enterprise Agreement contract renewal and to take advantage of the discounts on the E5 licences. 	
Recommendations The Portfolio Holder is asked to: <ul style="list-style-type: none"> Approve and delegate authority to Terence Hudson, Head of Technology to enter a new Microsoft Enterprise Agreement contract for a further three years. Approve and delegate authority to Terence Hudson to enter the necessary agreements in line with the Contract Procedure Rules and Financial Procedure rules to Upgrade Office 365 licences to E5 using the additional discounts offered by Microsoft. 	
Reasons for Recommendations <ul style="list-style-type: none"> The council will be able to maintain telephone access to all officers, councillors and partners for those residents and businesses who need to talk the Council. The council will be able to improve its cyber security posture and better deal with threats and cyber incidents. The council will increase its ability to be more effective and efficient through better use of the information it holds. Teams across the council will be able to develop greater levels of insight from the data it holds. 	
Resource Implication: <ul style="list-style-type: none"> The implementation of additional software and services will be managed within existing service resources in the current financial year 2025-26 Additional budget provision has been made in the MTFs for these costs over the next 3 years. The longer term benefit of the change should allow for improved productivity over the medium term. 	

Date signed off by <u>Executive Director</u> & name	Give name and date for Cabinet / Scrutiny reports Rachel Spencer-Henshall [11/11/2025]
Is it also signed off by the Service Director for Finance?	Give name and date for Cabinet reports Kevin Mulvaney [11/11/2025]
Is it also signed off by the Service Director for Legal Governance and Commissioning (Monitoring Officer)?	Give name and date for Cabinet reports Samantha Lawton [12/11/2025]

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes

1. Executive Summary

- 1.1 The Microsoft Enterprise Agreement covers all Microsoft products that support the Council's workforce including Office 365 and other client access licences for several different Microsoft products.
- 1.2 The current agreement with Insight expires on 31 December 2025 and has been renewed every three years since December 2016.
- 1.3 The Council is going to market via Crown Commercial Services framework using the nationally negotiated Strategic Partnership Agreement (SPA24) which attracts the very best pricing for Government organisations.
- 1.4 The contract will include the option to move to Office 365 E5 licences for all users. The E5 licence includes Teams calling licences, significant cyber security improvements and Power BI Pro.
- 1.5 A move to Office 365 E5 includes annual financial discounts offered by Microsoft to support the transition from E3 to E5.
- 1.6 Based on current pricing estimates on the SPA24 framework the annual charge to the council's annual will be as follows:
 - Year 1: £1.737m
 - Year 2: £1.887m
 - Year 3: £2.062m
- 1.7 Full provision for the additional funding is included in the MTFS and will be in the 2026/27 budget.
- 1.8 We are seeking a decision to award the contract renewal and to take advantage of the discounts on the E5 licences above.

2. Information required to take a decision

2.1 Background.

- 2.1.1 The council's renewal for its Microsoft Office 365 (M365) contract is due at the end of December 2025. It has been renewed every three years since December 2016.

- 2.2 The price at entry of every contract is fixed for three years and as such each new three year term will include an inflationary uplift on previous pricing.
- 2.2.1 The current software deployed is the Microsoft 365 E3 licence set which includes Office, Teams, cloud-based logins (Azure ID) and Multi Factor Authentication (MFA).
- 2.2.2 IT have maintained Skype for Business delivering enterprise wide telephony and conference calling for over 15 years but the Council is now switching to Teams Calling so the organisation has one unified communication platform.
- 2.2.3 Teams Calling and Teams Conference licences are six times more expensive than Skype for Business.
- 2.2.4 The E5 upgrade includes additional cyber security controls, Power Bi Pro and Teams Calling.
- 2.2.5 The cyber security controls provide significant improvements for the council in terms of greater threat intelligence, threat detection, and cyber-attack remediation.
- 2.2.6 The council must do everything it can to protect the information it holds and to avoid significant disruption which can impact on the lives of people who live here.
- 2.2.7 Teams calling and Team Conference will allow everyone in the council to continue making and receiving telephone calls following the end of life of Skype for business.
- 2.2.8 Residents, businesses, staff and councillors rely on our ability to call each other, either to named individuals, to available team members using hunt groups and joining conference calls.
- 2.2.9 Power BI Pro provides the capability for users to create reports and dashboards that can be shared with colleagues across the council. It supports teams to make better decisions on the data they hold.
- 2.3 Cost Breakdown
- 2.3.1 The council currently has two separate Enterprise Agreements with Microsoft for corporate staff and for those who qualify for academic licencing.
- 2.3.2 The current spend on Microsoft client licences for all products on both agreements across the council is £1.301m.
- 2.3.3 The cost to replace Skype with Teams Calling alone for all users and fixed handsets is around £292k per annum. This price does not include conference calling licences.
- 2.3.4 We will acquire the licences through a Crown Commercial Services framework using the nationally negotiated Strategic Partnership Agreement (SPA24) which attracts the very best pricing for all Government organisations.
- 2.3.5 The framework offers significant savings for UK Government and if we take the option of an upgrade to Microsoft 365 E5 we will attract an additional 20% saving in year 1 and a 10% saving in year 2 on the products listed above.
- 2.3.6 Based on current pricing of the SPA24 framework, a move to the Microsoft O365 E5 licencing will be as follows:
- Year 1: £1.737m
 - Year 2: £1.887m
 - Year 3: £2.062m
- 2.4 Timescale
- 2.4.1 The move to Teams is underway and will be concluded soon and licences have been purchased to cover the end of the existing contract.
- 2.4.2 The renewal of the existing Microsoft 365 contract is due for January 1st 2026 and a like for like contract will need to be awarded at the start of December 2025.

- 2.4.3 A decision to move to the M365 E5 licences can be taken either at contract award December 2025, or just prior to the first annual renewal in December 2026.
- 2.4.4 Some additional security products will be deployed immediately following a decision to adopt the M365 E5 products. The remainder will be tested and deployed thereafter.
- 2.4.5 A plan for the deployment of Power BI Pro licences will be produced to ensure best use and deliver incremental benefits whilst managing risks to the use of existing dashboards during the period of transition.

2.5 Expected Outcomes

- 2.5.1 The council will maintain telephone communications and conference calling for people who are unable to do so digitally.
- 2.5.2 The council's information assets will be more secure, and more threats will be identified and dealt with before they become an issue.
- 2.5.3 In the event of the council being compromised by a cyber security attack, we will have improved tools to locate and either eradicate the threat or provide more intelligence to a third party who may assist us. It's not if, it's when.
- 2.5.4 The council will have the opportunity to become more efficient and effective by securely storing more information in cloud services. Doing so supports further appropriate use of artificial intelligence and business intelligence products.
- 2.5.5 The move will underpin our strategy to move more services into the cloud and off premise.

3. Implications for the Council

3.1 Council Plan

- 3.1.1 The council has chosen to invest in Microsoft's Office 365 products to support provision of effective services to the public. As services and customer needs evolve, supporting technology develops to ensure those needs can be supported and get the basics right. The E5 licence enables the council to remain up to date and capitalise on further, modern digital service opportunities.
- 3.1.2 The E5 products will support the accessibility of the diverse people, communities and businesses of Kirklees to council services. They will similarly ensure that our diverse workforce is able to work with accessible, modern products.

3.2 Financial Implications

- The Microsoft 365 E3 licences are already in the IT budget and a savings target was set based on a projected reduction in the council's overall workforce.
- The cost of Teams calling licences are covered by one off in year underspend and the delivery of savings targets in the IT Service in the current financial year.
- The additional expenditure from 2025 onwards is in the medium term financial strategy.

3.3 Legal Implications

The Council is required to have the requisite technology to provide service delivery and the procurement. The contract will be awarded in line with the Contract Procedure Rules of the Council and procurement legislation.

3.4 Climate Change and Air Quality

Microsoft have a target to be carbon negative by 2030 across its own and all subcontracted services. The council's existing primary data centre is largely air and water

cooled, and legacy equipment is being removed on an annual basis. This move will support a further reduction of our on-premise equipment by 2030.

3.5 Risk, Integrated Impact Assessment (IIA) or Human Resources

Risk

- SI03 Cyber Security as maintained on the Council's Corporate Risk Report. The latest version can be found here: [Corporate Risk Report, Quarter 1 2025/26](#)
- The risk of a data breach and / or impaired system functionality caused by a malicious cyber-attack leading to inability to deliver council services, costs to recover / compensate and associated reputational damage.

Integrated Impact Assessment (IIA)

- Draft waiting for approval is here: https://kirklees-dash.achieveservice.com/en/AchieveForms?service=R4&mode=view&task_id=IIA-762238427IIA

Human Resources

- There are no human resource implications for this contract renewal.

Armed Forces Covenant

- There is no impact on the armed forces community for this contract renewal.

Positive or negative impacts

- There are no further impacts to consider.

4 Consultation

There has been no specific consultation activity on this decision.

5 Engagement

There has been no specific consultation activity on this decision.

6 Options

6.1 Options Considered

6.1.1 Microsoft's licencing model is complicated and are largely based on named users, the device type they use, the job they do and the organisation they work for. Many councils have already moved from E3 to E5 licences.

6.1.2 Until now, the council has decided against an upgrade from E3 to E5 licences because of the financial pressures, the volatility of global markets and the push to gain as much value as possible from our near 15 year investment in Lync 2008 (Skype for Business)

6.1.3 Further delay will impact upon our ability to deliver modern, accessible services to the public.

6.1.4 Various licensing models were explored to get best value, and the following three options were shortlisted:

Option 1: Do the absolute minimum. £1.498m p/a
Stay with the current Microsoft 365 licensing and provide Teams calling to only 50% of users.

Option 2: Buy necessary licences separately. £2.042m p/a
Stay with the current Microsoft 365 licensing, provide Teams calling and essential cyber security licences for all users.

Option 3: Buy E5 and benefit from additional discounts. (Recommended)	£1.737m Yr1
Take the option of the Microsoft 365 E5 licensing discount and provide	£1.887m Yr2
Teams calling, essential cyber security and Power BI Pro for all users.	£2.062m Yr3

6.2 **Reasons for recommended Option**

- 6.2.1 Option 1 would adversely impact on residents, councillors, businesses and staff. There would be a risk of creating digital exclusion for our most vulnerable residents. Also, the opportunity to significantly improve our cyber security posture would be lost.
- 6.2.2 Option 2 would deliver enterprise wide calling capabilities, but conference calling licences would be allocated on a needs basis and could cause frustration. The essential cyber security elements are included but the cost per annum in the short term is less unaffordable.
- 6.2.3 Option 3 takes advantage of Microsoft's discounts and has a more affordable entry point. All products are included and other software products in the council can be phased out over time. This will reduce the overall net cost by the third year to just below £2m per annum.

7 **Next steps and timelines**

- Award a new contract by 5th December 2025
- Provide regular updates to the Portfolio Holder from January 2026.
- Provide a cyber assurance update to Overview Scrutiny Management Committee in 2026.

8 **Contact officer**

Terence Hudson, Head of Technology

9 **Background Papers and History of Decisions**

Previous delegate decision December 2022: [Decision - Microsoft Enterprise Agreement Renewal | Kirklees Council](#)

10 **Appendices**

None

11 **Service Director responsible**

Andy Simcox, Service Director for Strategy and Innovation
Terence Hudson, Head of Technology (Delegated Decision)