

Report for: Cabinet Member for Finance and Corporate Services – 16
March 2025

Item number: N/A

Title: **Microsoft Enterprise Subscription Agreement – New
Contract Award**

**Report
authorised by:** Taryn Eves Corporate Director for Finance and Resources

Lead Officer: Head of Technology, Digital and Change, Glenn Mason

Ward(s) affected: N/A

**Report for Key/
Non-Key Decision:** Key Decision

1. Describe the issue under consideration

This report seeks Cabinet Member approval, under Contract Standing Order (CSO) 2.01.c), which permits approval of awards of Contract valued at £500,000 or more.

2. Cabinet Member Introduction

N/A

3. Recommendations

That the Cabinet Member for Finance and Corporate Services approves, under Contract Standing Orders 0.08 and 2.01.c), an award of contract for the Council's Microsoft Enterprise Subscription Agreement with Bidder A, for 3-years, from 1st May 2026 to 30th April 2029, with a maximum value of £5,445,000.

4. Reasons for decision

4.1. The Council's current Microsoft (MS) Enterprise Subscription Agreement (ESA) contract will expire on 30 April 2026, with no option to extend. A new agreement is required to ensure the continued provision of MS licence subscriptions for the Council.

4.2. Strategic Procurement has undertaken a compliant procurement to select a MS Licensing Solution Partner, using a further competition under the Crown Commercial Services (CCS) framework RM6098, Technology Products and Associated Services 2, Lot 3: Software, which has 41 suppliers.

4.3. A mini competition was open for bids from 13th January 2026 to 5th February 2026; 16 suppliers viewed the tender and 4 submitted final bids. Bids were

assessed according to the criteria outlined in the Invitation to Tender document: 70% price, 20% quality, and 10% social value. Members of the Council's Strategic Procurement team evaluated price, the Digital Services team evaluated quality, and social value was assessed independently through the Social Value Portal.

4.4. Bidder A were successful providing the most advantageous bid covering all requirements. Council will award a new MS ESA contract to Supplier, for 3-years, from 1st May 2026 to 30th April 2029, with a maximum value of £5,445,000.

5. Alternative options considered

5.1. Do Nothing – Not renewing the contract is not viable, as it would end access to Microsoft services and halt essential Council operations. This would severely affect Haringey's digital infrastructure, disrupt key systems, prevent security updates, and leave the Council unsupported and vulnerable.

5.2. Direct Award – While possible, this approach is unlikely to provide optimal value. A further competition is expected to offer better results for the Council.

5.3. Non-MS software - The council relies heavily on MS technologies, which fit its Digital Roadmap. Switching to another platform like Google or Open Source would disrupt both IT systems and business processes, take years to plan and implement, and pose significant risks. Few councils have adopted non-MS options.

6. Background information

6.1. In 2021, the Council entered into the current Microsoft Enterprise Subscription Agreement (ESA) following a further competition conducted under the Crown Commercial Services (CCS) framework RM6068. The contract for Microsoft licence subscriptions was awarded to Licensing Solution Partner, Bytes Software Services Ltd.

6.2. In 2023, the contract was varied to facilitate the transition from M365 E3 (E3) to M365 E5 (E5) and extended until 31 April 2026. No further extensions are allowed under the current contract. The Council requires a new ESA, starting on 01st May 2026, with a Licensing Solution Partner, for the supplier of Microsoft licence subscriptions.

6.3. CCS RM6098 allows UK public sector organisation to procure Microsoft products through the Strategic Partnership Arrangement 2024 (SPA24) Memorandum of Understanding (MOU). SPA24 provides discounted Microsoft products to the public sector through the combined scale of UK government purchasing. It secures lower prices for core subscriptions such as E5, Azure, Power Platform, and AI tools MS 365 Copilot. Furthermore, SPA24 provides vital budget predictability by locking in contract prices at the time of signing, shielding the council from global price increases.

6.4. The MS ESA allows for licence optimisation through its annual true-up, true-down process. The council can increase or decrease appropriate licence volumes and move to different products on contract anniversary. This allows the council to realise savings through licence optimisation and provides flexibility to benefit from new opportunities.

6.5. The Council carefully evaluated all available options regarding security, functionality, financial considerations, and long-term strategy in relation to E5. After thorough review, the decision was made to retain E5 due to its essential features, including MS Teams, Power BI Pro, and advanced security capabilities, which are critical to current operations. However, during the new term the Council will re-assess M365 licence allocation and explore the possibility of allocation based on user personas, which could result in maintaining a combination of E5 and E3 licenses.

6.6. Furthermore, the Cabinet endorsed digital technology strategy for the Council is based on Microsoft products and services within E5. The E5 functionality underpins both the current technology stack and the future digital roadmap. Ongoing projects and developments rely on features within the E5 suite, and several old systems have been phased out as the Council has begun transitioning to the native functionalities offered by E5 products.

6.7. Additionally, the security products within E5 are fundamental to ensuring that the Council adequately protects its digital infrastructure. The advanced security services available through E5, deployed throughout the Council's digital environment, deliver enhanced controls and capabilities for endpoint protection, user accounts, email content, file data, OneDrive, and SharePoint.

6.8. Independent reviews were conducted by Gartner and 31ten Consulting to identify any cost saving opportunities, assessing how the Council manages, optimises, and allocates Microsoft licence subscriptions, along with reviewing licence expenses and the suggested approach for its MS ESA procurement. Both assessments endorsed the Council's procurement approach, under CCS RM6098 SPA24, as effective for achieving best value and found the current MS ESA subscription management to be efficient.

6.1 Procurement Process

6.1.1. RM6098 SPA24 -Technology Products and Associated Services 2, Lot 3 is a CCS public sector framework, the use of which is permitted under CSO 7.02. The framework itself was compliantly let under Public Contracts Regulation 2015. A mini competition was carried out under the framework with all suppliers in Lot 3 capable of providing the requirement invited to bid. By the close of tender, four (4) suppliers submitted bids.

6.1.2. The bids were assessed by an evaluation panel made up with officers from digital services and procurement in line the evaluation criteria set out in the tender document. A weighting of 70% for price, (evaluated by procurement) and 20% for quality, and 10% for social value (evaluated by digital services) the outcome of which is shown the table below;

Bidder	Price	Price%	Quality%	Social Value%	Total
Bidder A	4,510,098.65	69.894	17.5	3.83	91.224
Bidder B	4,503,289.20	70	12.6	8.5	91.1
Bidder C	4,568,601.72	68.999	13.2	3.13	85.329
Bidder D	4,759,717.62	66.228	12.7	3.01	81.938

6.1.3. The bidder A obtained the highest score therefore, providing the most economically advantageous tender it is therefore proposed that a contract award for a period of 3 years is made to them.

7. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes?

The MS technologies used within the Council are vital in the fulfilment of the Corporate Delivery Plan. The platform enabled by MS subscriptions plays a vital role in ensuring the efficient delivery of essential services and outcomes for our residents. It is also integral to achieving the objectives outlined in the Council's digital roadmap.

8. Carbon and Climate Change

8.1. A Microsoft Enterprise Subscription Agreement for software subscriptions, specifically focusing on Azure Cloud, Microsoft 365, and AI-driven tools, supports the Council's sustainability goals by providing tools for carbon reduction, enhancing energy efficiency, and strengthening climate change adaptation.

8.2. Moving workloads from on-premises servers to Microsoft Azure reduces carbon emissions, as Microsoft data centres are designed for high efficiency and are actively transitioning to 100% renewable energy by 2025.

8.3. Microsoft Azure data centres are up to 93% more energy-efficient than traditional on-premises data centres, significantly reducing the energy needed for computing.

8.4. The ESA enables hybrid work models through M365 (Teams), reducing commuting-related emissions and increasing adaptability to climate-related disruptions.

8.5. Additionally, Microsoft is committed to being carbon negative by 2030 and removing all its historical emissions by 2050.

9. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

9.1. The core component element is fully funded within the existing Digital Services revenue contracts budget. The contingency provision for additional licences will need to be requested from the Council's corporate contingency and will only be progressed if there is a clear, demonstrable need. The further headroom being built into this contract award to allow for the future adoption of further Microsoft technologies is not budgeted for in the current Medium Term Financial Strategy and, as set out in Section 6 above, will require the Service to go through the appropriate technical and financial approval processes at that time.

Procurement

9.2 The process was led by Strategic Procurement as required by the Contract Standing Orders regarding contract with an estimated value of 25,000 pounds and over (CSO 12.01). It was carried out using a CCS Framework RM6098 SPA24 -Technology Products and Associated Services 2, Lot 3; the use of which is permitted under the council's CSOs 7.02. The framework was compliantly let under the Public Contracts Regulations 2015. **9.3.** The use of Frameworks allows for Increased Supplier Participation, Enhanced Flexibility, Efficiency and Compliance, and Improved Value for Money. In addition, it reduces the risks by providing the council with access to a reliable and compliant platform, especially those established by other public sector bodies.

9.4. The process was carried out in line with the regulations guiding the use of the framework, with a mini competition among the bids that were received. The bids were evaluated and at the end of the evaluation process, Bidder A had the highest score and was therefore adjudged to have the most economically advantageous tender.

9.5. In accordance with Contract Standing Orders (CSOs) 0.08 (Cabinet Member Decision) and 2.01(c) (Cabinet award of contracts at £500k or above) — the recommendations set out in section 3 may be approved.

Director of Legal & Governance (Monitoring Officer)

9.7. The Director of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report..

9.8. The services were procured via a mini competition under the Crown Commercial Services (CCS) framework RM6098, Technology Products and Associated Services 2, Lot 3: Software. Use of a framework agreement is compliant with the Public Contracts Regulations 2015, the legislation in force at the time when the Framework Agreement was established. Legal Services

has been advised that the procurement was conducted in accordance with relevant legislation and also with the terms of the CCS Framework Agreement. Use of a framework agreement established by a public sector body is permitted under CSO 7.02

9.9. Where a decision needs to be taken by Cabinet, CSOs permit the decision to be taken by the Leader or by a Cabinet Member with the Leader's agreement (CSO 0.08).

9.10. The Director of Legal and Governance (Monitoring Officer) confirms that there is no reason preventing the Cabinet Member from approving the recommendations in this report.

Equality

9.11. The council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

9.12. The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

9.13. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.14. The proposals within this report take account of these needs and the associated statutory duties and good practice guidelines.

10. Use of Appendices

APPENDIX 1: PART B - Exempt Information

11. Background papers

None