



# Microsoft Enterprise Agreement Subscription

**Decision maker: Cabinet Member for Finance and Corporate Services**

**Decision date: 18 May 2026**

**Report by: Chief Digital and Information Officer**

## Classification

Open

## Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 11 (Cases of Special Urgency) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

## Wards affected

All Wards

## Purpose

To approve the renewal of the Microsoft Enterprise Agreement Subscription (EAS) for Herefordshire Council and Hoople Ltd users.

## Recommendation(s)

That:

- a) Approval be given to direct award a three-year contract to Phoenix Software Ltd via the framework used previously (Y20011, superseded by Y23065) to provide the Large Account Reseller (LAR) service to support the management of Microsoft products and the Microsoft Enterprise Agreement Subscription for Herefordshire Council and Hoople Ltd; and
  - b) Approval be given to procure Microsoft Enterprise Agreement Subscription licences for users in Herefordshire Council and Hoople Ltd for the 2026/27 EAS year, based on the licence numbers determined by the annual review conducted by Phoenix Software Ltd (as our Large Account Reseller) and Hoople Ltd; and
  - c) Approval be delegated to the Chief Digital and Information Officer to review and put in place suitable Large Account Reseller services for the council, and to review and procure Microsoft Enterprise Agreement Subscription licences, for future years based on a review of Herefordshire Council and Hoople Ltd licence needs.
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## Alternative options

1. **To not appoint a LAR and not enter into a 3-year EAS.** Not appointing a LAR, and not entering a 3-year EAS, is not recommended. A LAR is required to support large scale Microsoft licensing and ensure both best value and appropriate licencing. Commitment to a 3-year EAS secures access to discounted pricing for the 3-year term and protects against price increases during the period. Herefordshire Council (and Hoople Ltd) can reduce licence numbers at each annual renewal, including to zero. The price fix offered through the LAR and EAS do not commit Herefordshire Council or Hoople Ltd to licence costs beyond the first year.
2. **To procure Microsoft licence through an open competition.** Not taking advantage of the Strategic Partnership Arrangements (SPA 24, previously Digital Transformation Arrangements DTA 21) pricing is not recommended. Microsoft licensing is complex and these negotiated rates offer best value. Undertaking a bespoke procurement for Herefordshire Council and Hoople Ltd would be costly and time-consuming and would be very unlikely to result in lower licence costs. The time delay associated with doing this would impact service delivery.
3. **To consider alternative productivity solutions and software, replacing Microsoft products and reducing reliance on Microsoft.** Changing from Microsoft is a significant decision. Migrating from well-known applications (Excel, Outlook, PowerPoint, Teams, Word, etc.) would require extensive user training which would take time. Additionally, the council rely on Microsoft solutions as part of our core infrastructure and to support identify management and securing our systems. Migrating from Microsoft in a controlled and managed way would take a number of years and require a complex and costly programme.

## Key considerations

4. Similar to most local authorities in the United Kingdom, Herefordshire Council relies extensively on Microsoft services and software in the provision of services to local businesses, residents, and visitors to Herefordshire. This reliance ranges from our email and web communication channels, through our productivity applications and technology infrastructure components such as data storage, reporting and business intelligence.
5. The EAS licences are required to maintain existing services relied on across the council to support the delivery of critical services. This includes licenses covering Microsoft Exchange Online (email services), Microsoft Intune (mobile device management), Microsoft Office, Microsoft Office online tools, Microsoft Teams, Microsoft Windows operating system, and other security and compliance features. Most licenses are user-based and are assigned to active council and Hoople users.
6. This decision is a key decision only by virtue of the level of spend that it involves, it does not represent a change in strategy or in service to local businesses, residents, or visitors to Herefordshire. There are no changes to the service resulting from this decision, although product changes and enhancements are made by Microsoft from time to time as part of their services.
7. The cost and terms of public sector Microsoft licensing are negotiated as part of the Strategic Partnership Agreement SPA 24, and those costs and terms are accessed via a LAR. Public sector organisations are not required to use a specific route to take advantage of the SPA 24. The decisions in this report relate to the selection of a LAR and extension of existing licences (with minor changes as part of the annual licence review).
8. Herefordshire Council and Hoople Ltd share a Microsoft EAS. The costs of the EAS are largely driven by user numbers and are fairly proportioned across the council and Hoople Ltd.
9. Working together the council, Hoople Ltd and Phoenix Software Ltd optimise the council's licensing costs. This includes for example making use of not-for-profit licences for the Library

Service. Herefordshire Council and Hoople Ltd will use this opportunity to price-fix licence costs for a number of products not yet in use, further ensuring best value.

10. The existing EAS is due for renewal on 31 May 2026. The proposed renewal is for a 3-year term (which, subject to this approval, will secure fixed discounted pricing until 31 May 2029 through the Strategic Partnership Agreement SPA 24). The licence volume commitment is for one year, allowing the council and Hoople to review the licence needs for each year in the 3-year term (with no limits imposed on either increasing or decreasing licence numbers in the annual review).
11. Given the operational nature of these decisions this paper recommends that for future years they be delegated to the Chief Digital and Information Officer.

### **Community impact**

12. We rely on Microsoft services and software licensing to deliver most of our services. The loss of these services would have a profound community impact both in terms of direct service delivery, and in terms of our ability to exchange information with partners across the county. This includes by email or Teams.

### **Environmental impact**

13. These cloud services are in line with our digital, data and technology strategy which promotes the use of a cloud first approach where feasible and economically advantageous. This will maintain environmental benefits such as reduction in CO2 emissions and a decrease in local electrical consumption. This also contributes to a reduction in local management of physical hardware, decreasing the need for procurement, operation, and disposal of servers and equipment.

### **Equality duty**

14. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
15. The mandatory equality impact screening checklist has been completed for this project/decision/activity and it has been found to have low impact for equality.
16. Due to the potential impact of this decision being low, a full Equality Impact Assessment is not required. However the following equality considerations should be taken into account when making a decision about this activity/project:
  - a. Microsoft continue to develop and enhance their services and systems and are committed to improving accessibility for all. This includes the adoption of 'screen-reading' and other technologies.

### **Resource implications**

17. Revenue budget is in place to cover the cost of the Microsoft EAS as set out in this report, based on the review of licences needed and user numbers conducted by Hoople Ltd and Phoenix Software Ltd. Additional licences – more users – would attract additional cost which would need to be funded, as would additional functionality/ software.
18. Future Years are estimated (\*) and subject to arrangements put in place to replace Strategic Partnership Agreement SPA 24 by Microsoft.

Revenue cost	2026/27	2027/28	2028/29	Future Years	Total
Council approx revenue cost of Microsoft EAS	£754k	£754k	£754k	£754k*	£2,262k
Hoople revenue cost of Microsoft EAS	£183k	£183k	£183k	£183k*	£549k
<b>TOTAL</b>	<b>£937k</b>	<b>£937k</b>	<b>£937k</b>	<b>£937k*</b>	<b>£2,811k</b>

Funding streams	2026/27	2027/28	2028/29	Future Years	Total
Base budget	£763k	£763k	£763k	£763k*	£2,289k
Recharge to Hoople	£183k	£183k	£183k	£183k*	£549k
<b>TOTAL</b>	<b>£946k</b>	<b>£946k</b>	<b>£946k</b>	<b>£946k*</b>	<b>£2,838k</b>

Revenue budget implications	2020/21	2021/22	2022/23	Future Years	Total
2026/27 council licence review efficiency	(£9k)	(£9k)	(£9k)	(£9k)*	(£27k)
<b>TOTAL</b>	<b>(£9k)</b>	<b>(£9k)</b>	<b>(£9k)</b>	<b>(£9k)*</b>	<b>(£27k)</b>

19. Note that the council procures licences on behalf of itself and Hoople Ltd. Hoople are recharged and pay the full cost of the licences that they use.

### Legal implications

20. The proposal includes a continuing delegation to officers for future renewals of this service. If the £500,000 threshold is passed, then such officer decision remains a key decision and is subject to the same decision making procedures as if it remained an executive member decision.

21. The relevant legal provisions for this decision can be found in the council's constitution, [www.herefordshire.gov.uk/constitution](http://www.herefordshire.gov.uk/constitution).

### Risk management

22. Failure to appoint a LAR and renew the EAS would lead to the council not being legally compliant with Microsoft terms and conditions. Such a breach of Microsoft licence compliance would be across the organisation's entire IT User and Server environment. This would expose the Council to a comprehensive compliance audit, subsequent fines and associated costs, together with a requirement to remediate the lack of compliance through the purchase of the correct licensing. This risk will be mitigated by ensuring agreeing the recommendations in this paper and maintaining legal licensing.

23. Regular annual licence requirement reviews, supported by Hoople Ltd and the LAR, will ensure that we mitigate the risk of being over- or under-licensed.

### Appendices

None.

### Background papers

None identified.

### Glossary of terms, abbreviations and acronyms used in this report

EAS (Microsoft) Enterprise Agreement Subscription  
 LAR Large Account Reseller