

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Councillor Max Schmid, Cabinet Member for Finance and Commercial services

**Date:** 09/09/2021

**Subject:** Azure Express Route (Design and Implementation)

**Report author:** Anthony King, Technical Architect

**Responsible Director:** Rhian Davies, Director of Resources

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### SUMMARY

A network connection (Microsoft Express route) is required to provide access to resources hosted in the BT data centres as well as Microsoft's Azure platform. This is required to enable strategic projects for the Council including savings associated with the migration of our infrastructure into Azure; improving quality of network for Contact Centre remote users; and enabling key business systems to move into the cloud.

The strategic direction of Digital Services and the organisation is to adopt a "cloud first, where possible" approach to application and service delivery including hosting. It is anticipated that the current workloads within the existing data centre will be migrated into the cloud specifically Microsoft Azure cloud in the medium to long term.

BT were chosen to provide the required connectivity as part of the current LOT 4 service arrangements.

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### RECOMMENDATIONS

1. Approve that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
  2. Approve a variation to the original Call Off Contract for Information Technology and Communication Services with BT dated 8<sup>th</sup> April 2016 to include additional infrastructure services, specifically an Express Route (fast connection) between the BT data centre, H&F 145KS, Kensington Town Hall and Microsoft Azure.
  3. Approve the issuing of a Change Control Notice to BT to procure the infrastructure services for a total cost of £292,912.20 for the remainder of the Lot 4 contract, which ends in September 2023.
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**Wards Affected:** none

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	This solution is an enabling service to ensure the technology infrastructure is flexible and agile to meet support LBHF business outcomes, the express route service is enabling service required to provide the technology services on which the stated values can be delivered.
Being ruthlessly financially efficient	Achieved through getting the best possible price from BT
Rising to the challenge of the climate and ecological emergency	The express route service on which this report is seeking approval, would allow LBHF to meet its obligation around the climate challenge, the migration of the data centre to a cloud infrastructure would allow resources to be consumed based on business needs and the Microsoft is expected to be carbon negative by 2030.

### **Financial Impact**

The financial cost of the decision is £292,912.20. Both the one off and ongoing costs (until September 2023) outlined in the paper will be funded from existing revenue budgets for data services.

Procurement of these infrastructure services will be a key enabler to deliver expected budget savings in future years as part of the Medium-Term Financial Strategy (MTFS) for the Council. Decision papers on future delivery model options and financial appraisals will be presented at a later date.

The summary table below and appendix A provide the details of the one-off and ongoing cost to deliver the design and implement the Azure Express Route as described above.

	<b>TOTAL (£)</b>
<b><i>One off costs</i></b>	
BT costs	35,011.63
<b><i>Ongoing costs</i></b>	
BT costs	217,941.57
Microsoft	39,960.00
<b>Grand total</b>	<b>292,912.20</b>

## Legal Implications

RBKC entered into a Framework Agreement with British Telecommunications PLC ('BT') for Information Technology and Communications Services dated 5<sup>th</sup> February 2016. It is a Framework which is available to 'Other Contracting Bodies' including Hammersmith and Fulham. On 8<sup>th</sup> April 2016, the Council completed a Call-Off Contract. On 29<sup>th</sup> July 2016, it completed an Order Form under that Call-Off (at a contract value of £1,723,332.80) and later a second Order Form under the same Call-Off on 4<sup>th</sup> December 2018. The total value of the current Call-Off Contract is circa £13.5m.

The Initial Term of the Call-Off is recorded in the 29<sup>th</sup> July 2016 Order Form as being 31<sup>st</sup> October 2020. The Initial Term was extended by a Change Control notice to a date in 2023.

This report recommends varying the Call-Off to include infrastructure services, specifically an Express Route (fast connection) between the BT data centre, H&F 145KS, Kensington Town Hall and Microsoft Azure at a cost of £266,272.

The Framework for Lot 4 includes a list of 'Available Services' some of which were included in the Call-Off. Where not all the Available Services were specifically included in an Order Form, they were deemed to have been included (unless stated otherwise). This allowed for subsequent changes to the services to include Additional Services not included in the Order Form when it was entered into initially. Provided infrastructure services are listed in the list of Available Services, the Council may issue instructions via a Change Control Notice to include them.

The Call-Off is a regulated contract under the Public Contracts Regulations 2015. Any modifications to its terms are only permissible within the limits of regulation 72. Sub-paragraph (1)(c) can be relied on in this instance for the following reasons –

- (i) The requirement for the Express Route (fast connection) between the BT data centre, H&F 145KS, Kensington Town Hall and Microsoft Azure has been brought about by the requirement to move to a more agile Cloud Platform which requires this Express Route Network link, something which could not have been foreseen at the time of first entering into the Call-Off.
- (ii) The modification does not alter the overall nature of the contract as it relates to the same sort of services as originally procured and at a cost which is set out in the Framework.
- (iii) The increase in price of the Call-Off of £266,272 does not exceed 50% of the original Call-Off contract value of £1,723,332.80.

Notice must be published that the Council has modified the contract using regulation 72(1)(c) in OJEU.

There are social value implications as the rules relating to social value in the CSOs do apply to contracts called off under a Framework. This means that, as the contract is for over £100,000, it must generate a minimum 10% in social value.

The Council's Contract Standing Orders state that the relevant Cabinet Member is the decision maker in respect of variations to contracts of this value.

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**Background Papers Used in Preparing This Report - NONE**

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

1. The option to do nothing is not recommended  
The strategic direction of LBHF includes having zero on-site core network infrastructure where possible and the need to support the corporate values such as being “ruthlessly financially efficient”
2. The BT infrastructure is a closed network consumed as part of the LOT 4 (Internet connection, telephony, access to H&F corporate sites) and LOT 3 (Managed data centre services and remote access) services and are interdependent.
3. The procurement of the service from a third-party provider would have caused challenges due to technical integration issues.
4. Option to implement Express Route – recommended  
The express route service provided by BT allows for LBHF to continue to operate its LOT 3 and LOT 4 services whilst our server infrastructure is migrated into Microsoft Azure without negatively affecting critical business services.
5. The migration to the Azure platform will enable significant operational savings.

### **Reasons for Decision**

6. The core network infrastructure is currently provided by BT, the network service provides interconnection between LBHF core sites and the BT data centre.
7. The express route is required to provide connections between Microsoft Azure and BT data centres. The express route is required to provide a higher performing connection between BT core network and the Netcall telephony service used by LBHF’s Contact centres.
8. There is no requirement to dig up roads due to existing fibre infrastructure from BT at the core site in 145KS, saving on cost and time to delivery.
9. The new express route is an enabler for other Council strategic programmes of work which require IT systems to move into the Cloud.

### **Risk Management Implications**

10. The implementation of the express route will provide LBHF the enabling services that will support better compliance with business continuity requirements.
11. The following are some of the benefits of hosting LBHF services in Azure.

Services will be provision across regions providing greater disaster recovery (DR) capability through Azure site recovery.

- Simplified BC/DR, flexible replications, easy replication testing.
- Improved infrastructure security – The implementation of zero trust security model is easier to accomplish in Azure, and the deployment of the express route service will support the data centre migration process.
- LBHF Information security standards, policies and procedures will be critical when deploying services in Azure and includes adherence to the LBHF Technical Design Authority (TDA) design principles.

*Implications verified/completed by: Ray Chitty, Head of Insurance, 07739315565*

## **ICT implications**

12. The deployment of a Microsoft Azure express route to connect the H&F BT hosted data centre, the corporate network core at 145KS and Microsoft Azure platform is a key enabler for the Digital services Cloud strategy.
13. It is critical for this service to be in place for other dependent projects to be successfully deployed. These includes the following:
  - Data centre migration
  - Economy IHMS project
  - Revenues and Benefits Academy System Migration.
14. This particular workstream has been captured as part of the Zero-Based Budgeting (ZBB) deliverables which has as one of its core objectives the delivery of cost efficiencies through the adoption of cloud services.
15. IM implications: (the) Privacy Impact Assessment(s) (PIA) for any data processing activities affected as a result of implementing the Microsoft Azure express route will need to be updated to reflect any changes to the way that data is processed and stored as a result of implementing new route. This will ensure all potential data protection risks are properly assessed with mitigating actions agreed and implemented. If a PIA is not yet in place to cover the relevant data processing activities, one will need to be completed.

*Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, IT Services, tel 0208 753 5748.*

## **Local Economy and Social Value**

16. This report seeks approval to award the contract for a network express route to BT for a total value of £292,912.20. The Commissioner is engaged with the supplier to deliver a 10% social value benefit for LBHF. BT deliver social value through various mechanisms, including provision of lower cost connectivity for

families on lower incomes, but further work is needed to evidence the social value delivered.

17. The BT Contract Delivery Director is currently working with BT's Corporate Social Responsibility (CSR) team to select measures from the Council's menu of Social Value Themes, Outcomes and Measures (TOMs) to ensure that social value is delivered in the borough and has confirmed that they are committed to delivering a proxy value of at least 10% of the contract value. It is recommended that the Contract Delivery Director and/or the CSR team should work with the Social Value Officer to ensure that these commitments are planned and being effectively monitored and delivered.

18. BT will be required to register on Social Value Portal to enter their social value target and be responsible for paying the Social Value Portal Management Fee for the term of the Contract.

*Comments made by Paul Clarke, Economic Development Officer deputising for the Social Value Officer.*

## **LIST OF APPENDICES**

**EXEMPT Appendix 1 - *BT and Microsoft ongoing charges for management services***