

LONDON BOROUGH OF HAMMERSMITH & FULHAM

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

Date: 29/09/2021

Subject: Azure migration partner procurement strategy

Report author: David Wadham, Senior project manager, Digital Services

Responsible Director: Rhian Davies – Director of Resources

Summary

Currently many critical systems used across H&F are hosted by BT as part of the 'Managed compute' service. These systems include things such as H&F's printing servers and line of business systems such as Power BI and the Capita payment system.

The decision maker is asked to approve the recommendation to procure a migration partner through the Gcloud 12 framework to migrate all H&F systems away from current solution and into Microsoft's Azure cloud hosting platform. The migration to complete by October 2023 when the current infrastructure contract expires.

Recommendations

1. That Appendix A is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that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. That approval be given for a migration partner to be procured via the Gcloud 12 framework to support H&F in the migration of services currently hosted by BT into the Azure platform. Costs are contained in exempt Appendix A.
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Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	Protect and improve front-line services - realised benefits and business cases

	will reduce costs of running services increasing opportunities of spend in other areas
Doing things with local residents, not to them	Doing things with residents through co-production. Migration to cloud will align to programmes such as REAP and ensure services and customer experiences are co-produced to meet ever changing needs of our residents
Being ruthlessly financially efficient	Delivering cloud services will provide more efficient and cost-effective technical services
Rising to the challenge of the climate and ecological emergency	By migrating to Microsoft's Azure platform, the Council will be moving its infrastructure to a supplier who has a stated ambition to be carbon negative by 2030.

Financial Impact

Any migration from BT to a new partner is expected to incur both one off costs for the implementation and dual running, and ongoing costs for the cloud hosting and ongoing support required.

It is requested that funding for the one-off costs be met from existing reserves for the delivery of corporate technology and IT. This recommendation is contained in the report to cabinet titled *Azure migration decision report – spend over £300k v1.2* due to be reviewed by Cabinet in November 2021.

Funding for the ongoing costs will be met from revenue budgets held within Digital services.

Contract savings will support the delivery of the Medium Term Financial Strategy (MTFS) and the Council's ability to set a balanced budget for future years both for the General Fund and the Housing Revenue Account.

Legal Implications

This report is recommending the procurement of a migration partner through the CCS Gcloud Framework Agreement. The related costs are contained in exempt Appendix A.

The value of the proposed procurement is such as to fall within the ambit of the public procurement regime as set out in the Public Contracts Regulations 2015 ("PCRs"),

For the purpose of Council's Contract Standing Orders ('CSOs'), the proposed arrangement is a high value contract and will therefore be subject to section D of the CSOs.

The Council's Social Value Strategy requires all procurement activities over £100,000 to generate a minimum 10% in social value. The relevant contractor will be required to register on the Social Value Portal to report progress on delivery and pay the relevant fee.

The authority to approve this procurement strategy is vested in the relevant Cabinet Member.

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Background Papers Used in Preparing This Report – None

Background

1. H&F currently have 37 services running on servers which are hosted by BT. These include critical systems such as the Academy Revs and Bens system, Capita payment platform and the Power BI platform.
2. This service is known as 'Managed compute' and was procured through Lot 3 of the Call Off Contract for Information Technology and Communication Services with BT dated February 2016. The Lot 3 contract runs until October 2023 and if approved this procurement strategy will replace Lot 3 services before the end of the contract.

3. This procurement strategy focuses on securing a contract with a migration partner who will provide services to migrate H&F systems from the Lot 3 solution to Azure, and also provide ongoing management and support of the Azure platform.
4. As illustrated in the report to Cabinet titled *Azure migration decision report – spend over £300k v1.2* which accompanies this procurement strategy this procurement will deliver savings on the existing costs of hosting H&F systems and also supports the long-term strategy of ‘cloud first’ hosting and the move of systems away from H&F managed hosting to Software as a Service (SaaS).

Reasons for Decision

5. The Council is seeking to procure a migration partner through the Gcloud 12 framework to migrate all H&F systems away from current solution and into Microsoft’s Azure cloud hosting platform.
6. A procurement of services via Gcloud 12 is recommended as it allows for an Azure migration expert partner to be appointed quickly and efficiently. Gcloud 12 offers access to a wide variety of industry leading suppliers which will ensure a high-quality partner can be selected to complete the work. The Gcloud 12 buying process allows the council to select a supplier who will best match the project requirements quickly which in turn allows for the complex migration process to be completed before the end of the existing Lot 3 BT contract.

Contract Specifications Summary

7. Two distinct services will be procured. Firstly, a migration service where the selected partner will help in the move of H&F systems from the existing platform into the Azure platform.
8. On-going management and support of the Azure platform will also be procured to deliver service resilience, the ability to optimise H&F applications on the new platform, and to keep those systems secure and up-to-date.
9. Gcloud contracts are provided on a 2-year term, with a 1-year extension, and a further 1-year extension allowed if required. The recommendation is for the 2-year term to be used initially. A 2-year term will comfortably cover the migration and stabilisation period of the ongoing maintained and support element of the service that will be procured. A decision can then be made on whether further third-party support of Azure is in the best interests of H&F, or if these services can be transferred in house.

Procurement Route Analysis of Options

10. There are three options for procuring this contract
 - a. Option A – An open procurement
 - b. Option B – CCS Technology Services 2 RM3804
 - c. Option C – CCS Gcloud 12 RM1557.12

11. **Option A – An open procurement:** An open procurement would allow H&F to specify exactly what they require and any supplier would be able to submit a bid. This option enables a tailored bespoke service to be procured. However, it comes at the cost of a lengthy and time-consuming process of preparing, advertising and assessing procurements documents and bids. The services H&F require are available through frameworks making the effort of an open procurement unnecessary and therefore **this option is not recommended**.
12. **Option B – CCS Technology Services 2 RM3804:** This framework offers a number of different lots, including Lot 2: Transition and Transformation. This lot has 121 suppliers, many of them Microsoft partners and experts in Azure management and migrations. The framework offers the option of running a mini-competition to select the supplier with the best offer. It would be possible to use this framework to secure the migration services H&F require, however the mini-competition process will be more time consuming and therefore more costly than the Gcloud 12 option below. Given that for the requirements of this project Gcloud 12 offers access to the same suppliers available on RM3804 there is no advantage in using this framework. For this reason, **this option is not recommended**.
13. **Option C – CCS Gcloud 12 RM1557.12:** Gcloud 12 offers access to over 30,000 suppliers, 4,740 of which offer some kind of Azure service, including same Microsoft partners and Azure subject matter experts available through RM3804. The buying process will allow only suppliers that best match H&F's requirements to be considered and also enables H&F to seek clarifications of supplier offerings to ensure the best fit to H&F requirements. This process can include clarifications of the exact price to complete H&F's bespoke set of requirements, and of a suppliers relevant Social Value commitment. Along with any technical clarifications the supplier that combines the highest quality and value for money can be selected.
14. In addition, Gcloud services are also tailored to be more short term, which is the requirement of this procurement, with migration assistance expected to last 9-12 months and Azure support 2-3 years initially. These time frames fit with Gcloud contract terms of an initial 2 years, with subsequent 1-year extensions possible (a maximum of two 1-year extensions) if required.
15. Gcloud offers a fast and effective procurement process that allows H&F to select a supplier based on their technical strength and value for money and is therefore **the recommended option**.

Market Analysis, Local Economy and Social Value

16. The market for cloud services is well established. The recommended Gcloud 12 framework is itself solely focused on cloud based computing services and contains over 30,000 suppliers, 4,740 offering some sort of Azure service.
17. The services required by this procurement include a high level of technical competence and preferably recognised partner accreditation with Microsoft.

This limits the opportunity to use the local supply chain for these services. Although one known supplier is based in the borough it would not be compliant with the council's contract standing orders to award a contract of this size directly to them.

18. While the Gcloud 12 framework includes prepared call off contracts the clarification stage of the buying process will include queries on the Social Value commitments suppliers are willing to undertake. The Gcloud 12 buying processes stipulates that H&F can seek clarifications from relevant suppliers on any aspect of their Digital Market place listing. H&F will use this mechanism to determine which supplier is the best value for money fit to the specific requirements of this project and this will include making clear to the suppliers that a Social Value commitment of 10% of the value of the contract is required. The suppliers will have to clarify exactly what their Social Value contributions will be and what their delivery method might include.

Risk Assessment and Proposed Mitigations

19. Given that the requirements of this procurement are to migrate and support many of the council's most critical and complex line of business systems (for example Academy, Pay360, BI platform) there is a risk that the selected supplier deems technical task required for these systems to function in Azure as 'out of scope' resulting in additional cost for extra services.
20. This risk can be mitigated in two ways. Firstly, through the development of a detailed definition of H&F requirements, and this exercise has already begun with technical expertise procured previously to develop technical scope documents. Secondly, clarification questions will be asked of the suppliers during the procurement process which will determine how well a supplier will deliver based on the H&F requirement to have a continually improving technical design of the replacement service.

Timetable

21. An estimated timetable of the competition process through to contract commencing is shown below. The timetable aligns with the budget request for the migration costs, which are contained in the *Azure migration decision report – spend over £300k v1.2* due, to be reviewed by Cabinet in November 2021.

Key Decision Entry (Strategy)	28/01/21 - Completed
Contracts Assurance Board (Migration partner procurement strategy)	22/09/21 - Completed
Cabinet member Sign off (Migration partner procurement strategy)	08/10/21
Gcloud search saved and results screened	22/10/21
Clarifications received from suppliers	05/11/21
Supplier selected	12/11/21
Contract Assurance Board contract award	24/11/21

approval	
Find a Tender Service Contract Award Notice	05/12/21
Contract engrossment	11/12/21
Contract Commencement date	11/12/21
Contract mobilisation and implementation	15/12/21

Selection and Award Criteria

22. The Gcloud 12 procurement process allows for a search to be carried out on the Digital Market place, with results narrowed down to those suppliers which offer the services specified by the search criteria. These results can then be assessed and further clarifications can be asked of suppliers. During this procurement the precise clarification questions will be developed during the assessment of the relevant Digital Market Place search result. However, as a minimum, potential suppliers will be asked to clarify their suitability based on the below criteria.

Evaluation Criteria			
Criteria	Tier 1	Tier 2 Sub-criteria	Tier 2 weighting
Quality	60%	Microsoft certified partner or similar accreditation	15%
		Evidenced experience of previous Azure migrations of similar sized organisations	10%
		24x7 platform support and maintenance service	25%
		Security and feature patch management processes	23%
		Optimisation advisory service	10%
		Social Value	17%
Price	40%		

Contract Management

23. The services being procured in this contract are of two distinct types: project-based migration support and ongoing platform support and maintenance. The migration of H&F services over to Azure will be controlled and monitored through an active project managed by Digital Services. The performance of the supplier will be monitored through regular project meetings and standard project artifacts (e.g. project plans, RAID logs, Escalation and decision logs etc). Payment milestones will be included in the implementation plan and payments only made when it has been agreed between H&F and the supplier that milestone have been reached.

24. The migration project will also include a transition into business and usual support and this will include how the supplier will provide support services and how they interface with H&F staff. This will allow for a technical assessment of the supplier to be carried out periodically with the Digital Services Service Management team managing the contractual relationship with the supplier.

Equality Implications

25. An Equality Impact Assessment has been completed to ensure necessary due diligence in the preparation of this report. However, the nature of this project is to make changes to 'behind the scenes' IT systems and there will be no change for end users of H&F systems. Therefore, there are no adverse equality implications of this work. The Equality Impact Assessment will accompany this report.

Risk Management Implications

26. The report recommends the use of a competitively procured framework to commission cloud hosting services to migrate all BT hosted services to the cloud. This approach is in line with the council objective of being ruthlessly financially efficient. Moving critical systems to the cloud will improve resilience and support business continuity arrangements in the event of an incident as well as ensuring that council data and systems can be appropriately protected.
27. The report contains a number of business risks associated with current systems and potential migration and the mitigations being put in place to address the risks.
28. Clear and robust programme and project management arrangements will need to be put in place to ensure the secure and complete transfer of data/systems to the cloud.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, tel: 07817 507 695

Climate and Ecological Emergency Implications

29. The migration of IT services to a hyper scale platform such as Azure allows for the reduction of energy use due to the economies of scale. Electricity consumption and air-conditioned cooling required by data centres is shared by many thousands of customers across the Azure service. The existing BT manage compute service is far smaller in scale and therefore less efficient than the azure platform.
30. The Azure platform will also allow H&F to design a future proof infrastructure that will enable the H&F workforce to work more flexibly and efficiently. The platform will be able to support 80% of H&F staff working from home. Which will in turn reduce commuter journeys and energy use in H&F buildings.

Implications verified by: Hinesh Mehta, Strategic Lead, Environment, Parks and Waste, tel: 020 8753 6703

Local Economy and Social Value Implications

31. For the call-off contract for the migration partner as per recommendation 2, it is recommended the project lead work closely with H&F Social Value Officer and the contractor to agree on a delivery plan. The supplier will be required to set targets on Social Value Portal for effective monitoring and responsible to pay the relevant fee as specified to the supplier during the assessment stage of the Gcloud buying process. It is advisable the Commissioner will work closely with legal to ensure appropriate social value clauses are included in the contract, so that the Council can enforce its right to compensation if social value commitments are not delivered.

Implications completed by Paul Clarke, Economic Development Officer deputising for the Social Value Officer, tel: 07776 673 004

Digital Services and Information Management Implications

32. The above procurement strategy supports the Council's digital strategy to adopt cloud computing where viable. Delivering our infrastructure through a cloud platform will better support agile working.
33. The recommended procurement strategy via Gcloud enables us to identify a suitable Azure migration partner while keeping our procurement costs and timelines as efficient as possible. The Gcloud framework is widely used by other LAs to procure Azure migration partners.

Implications verified/completed by: Veronica Barella, Chief digital officer, Tel 020 8753 2927.

List of Appendices

- 1) Exempt Appendix A – Estimated migration and ongoing support costs