

CABINET

20 April 2021

Title: Procurement of a Cloud Support Contract and IT Database Administration Management Service	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: Yes
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Accountable Director: Paul Ingram, Chief Information Officer	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director	
Summary: This report requests authorisation for the Council to procure a replacement managed service contract for Cloud Services, specifically: Microsoft Azure, Windows Virtual Desktop (WVD), Database Administration (DBA) Service and a Cloud Service Provider (CSP) agreement Azure Managed Service Microsoft Azure, commonly referred to as Azure, is a cloud computing service created by Microsoft for building, testing, deploying, and managing applications and services through Microsoft-managed data centres. In late 2020 the Council migrated from its private Agilisys datacentre to Azure, most of the Council's servers and software applications now reside on servers in Azure and as a result it is essential that we continue to have high quality services to support this computing environment. Windows Virtual Desktop (WVD) In 2020 the Council moved away from Citrix to Windows Virtual Desktop (WVD) which is an Azure service. This service is key to the reliable provision of key Council applications to internal and partner organisations. A short contract was put in place post implementation to manage the WVD environment this contract now needs to be replaced with a longer-term contract to support this key technology service. Cloud Solution Provider (CSP) Agreement or Azure Partner Agreement (APA) A CSP agreement is a contractual mechanism required to enable the Council to purchase Microsoft's cloud services. Microsoft do not sell directly to customers, although the agreement will be between the Council and Microsoft. The CSP partner must be the same company as that providing the Azure Managed Service, the provider will provide Azure billing and advice on optimising Azure costs. An alternative to a CSP agreement is to use the Azure Partner Agreement mechanism from Crown Commercial Services which works differently from the CSP and may provide cost efficiencies to the Council.	

It is critical to the continued provision of the Council's Azure services to have either a CSP or APA contract continually in place.

Database Administration (DBA) Service

The Elevate joint venture partnership between LBBD and Agilisys ended in December 2020. The Elevate partnership provided this service through a contract with Agilisys. The service is currently supplied using a short-term contract from Agilisys. The current contract will expire in August 2021.

The DBA service is critical to the secure and reliable operation of many Council applications and data sets. A longer-term contract is needed. There are efficiencies arising from taking the DBA service from the same provider as the other Cloud Management services above.

Recommendation(s)

The Cabinet is recommended to:

- (i) Agree that the Council proceeds with the procurement of managed service contracts for Azure, Windows Virtual Desktop and IT Database Administration and Cloud Solution Provider Agreement to purchase services from Microsoft, in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Managing Director, in consultation with the Strategic Director of Law and Governance, to award and enter into contract(s) / agreement(s) and any periods of extension with the chosen suppliers in accordance with the strategy set out in the report.

Reason(s)

To assist the Council to achieve its priority of a 'Well Run Organisation'.

1 Introduction and Background

- 1.1 The Council, until late 2020, had most of its servers and software applications in the Agilisys Private Datacentre (IaaS). Before the Elevate partnership ended on 9 December 2020, servers and software applications were moved to Microsoft's Public Cloud Platform (Azure).
- 1.2 Agilisys, through the Elevate partnership, were managing the IaaS environment and built the Azure environment for LBBD, where now most of the Council's servers and software applications reside. Contracts were extended for continued support for the Azure environment (based on the IaaS contract) and the CSP agreement until 9 June 2021.
- 1.3 LBBD also had its Citrix environment co-located with IaaS. Citrix, thin client technology, was used to deliver certain applications including Capita Housing (now known as Open) and Academy used in the Revenues and Benefits department. Citrix infrastructure was end of life and rather than upgrade and move Azure a decision was taken to move from Citrix to Windows Virtual Desktop (WVD) technology to deliver the applications that were on Citrix. The WVD environment is

built on Microsoft technology and resides in Azure.

- 1.4 The build and migration from Citrix to Windows Virtual Desktop (WVD) was completed in November 2020 and a short-term contract was entered into to support the WVD environment which expires on 9 June 2021.
- 1.5 The Council also currently use several critical key line of business IT systems such as the Capita Academy system, Capita OPEN Housing system, Oracle ERP system, etc. for managing and storing customers records, financial transactions, benefit payments, council housing assets, staff records, etc. These systems manage approximately £100m circa of Council funds in any fiscal year. Delivery of these applications is dependent on WVD being available.
- 1.6 The Council has a short-term contract with Agilisys, for the provision of Database Administration (DBA) services for the major database systems in use: Oracle, Ingres, Microsoft SQLServer for a period of 6 months until 9 June 2021. These database services are key to the operation of several our key business applications.
- 1.7 IT have opted to conduct a joint procurement for Azure, WVD, DBA and a CSP agreement as per option 2 in section 3.2 of this report.

Current system overview

- 1.8 LBBD's current contract for Azure supports:
 - System maintenance- Periodic & emergency operating system patching for all servers hosted on Azure.
 - System protection - Maintenance of anti-malware software across each server hosted in Azure.
 - Backup and archive services- System backups, archiving and restoration for all servers hosted within Azure.
 - Service security - Baselining and improving the security posture of all in-scope services within Azure.
 - Cost management - Visibility of consumption across Azure
 - Service support - Incident management, monitoring and service request fulfilment.
- 1.9 LBBD's current contract for WVD covers:
 - Support for 5 images in WVD.
 - 3 production, 2 dev images.
 - 24x7x365 monitoring of the WVD environment.
 - Monthly patch management for the WVD environment (5 images).
 - Management of WVD host pools, application groups and session hosts.
 - Out of hours image deployment, including weekend deployment.
 - Unlimited number of deployments.
 - Weekend support.
 - 24 hours service hours for P1 incidents, 8 am – 6 pm Mon-Fri (service desk).
 - WVD and Fslogic management.
- 1.10 LBBD's contract for DBA Support Services covers:
 - Provision of Non-ERP Oracle DBA Support Services
 - Provision of Ingres DBA Support Services

- Provision of SQL DBA Support Services

- 1.11 LBBB's CSP agreement covers:
- Supply of Microsoft Azure services.

2. Proposed Procurement Strategy

2.1 Outline specification of the works, goods or services being procured.

- 2.1.1 Sufficient time will be required to on-board a new supplier (if chosen), for the joint procurement of managed services for Azure, WVD, DBA and a CSP agreement.
- 2.1.2 CCS has negotiated a new pricing arrangement (APA) with Microsoft to provide discounted pricing for public sector organisations to use Azure Cloud Services. LBBB will consider bidders that could offer the new pricing arrangement for Azure services.
- 2.1.3 It would be ideal if a single supplier can offer all the services above, but LBBB will enter separate contracts if deemed advantageous to do so. Therefore, we may have suppliers managing one, a couple or all services above.
- 2.1.4 Agreed with legal on the 02/02/2021, that LBBB will seek to extend current contracts in place for Azure, WVD, DBA and CSP until 09/09/2021 using the council's waiver process. This will allow time to carry out a fully compliant tender, co-terminate current contracts, time to transition to a new supplier and allow time for bidders to respond to the tender. The ideal would be for a single supplier to manage all services as they all reside in the Azure datacentre.

2.2 Estimated Contract Value including the value of any uplift/extension period.

- 2.2.1 The table below illustrates the estimate contract value for each of the services above. The costs are based on current contracts and estimated future growth.

Item	Annual cost	2 Year costs	3 Year costs	4 Year cost
Azure Costs	220,000	440,000	660,000	880,000
WVD Costs	60,000	120,000	180,000	240,000
CSP/APA Agreement	640,000	1.280 M	1.920 M	2.560 M
DBA Support	215,000	430,000	645,000	860,000
Total Cost	1.135 M	2.270 M	3.405 M	4.540 M

*excludes internal LBBB resource costs and supplier on-boarding costs during implementation.

2.3 Duration of the contract, including any options for extension.

- 2.3.1 The contract will be for 24-months, with the option to extend twice for 12-months each time (2 + 1 +1 Year).

2.4 Is the contract subject to the (EU) Public Contracts Regulations 2015? If Yes and the Contract is for services, is it subject to the light touch regime?

2.4.1 Yes, this is subject to the thresholds for goods and services which are currently £184k contract value.

2.5 Recommended procurement procedure and reasons for the recommendation.

2.5.1 Conduct the procurement for the management service contracts for Azure, WVD, DBA and a CSP agreement before the 9th of September 2021, when the current contracts expire.

2.5.2 The most appropriate procurement approach will be to carry out an open market tender for the procurement of these services, this will provide the best spread of competition and pricing for the council. The proposed route to market will also enable the council to lot these items together, which could reduce the number of suppliers providing the services to LBBD which brings a host of benefits.

2.5.3 The recommendation is to undertake a joint procurement exercise via the open market method for the advantages outlined in section 3.2.1 of this report, and with the intention of going to market for four services in one procurement. The suppliers identified will be shortlisted and evaluated based on the services they can offer, and the pricing.

2.5.4 The table below summarises the expected procurement timescales:

Procurement Board Sub-Group Meeting	Mon 1 st Feb 2021
Procurement Board Meeting	w/c 22/02 Feb 2021
Portfolio Holder Meeting and director for IT	March 2021*
Corporate Strategy Group Meeting	March 2021*
Cabinet Meeting	April 2021*
Approach and evaluate shortlisted suppliers	April 2021*
Complete supplier evaluation	May 2021*
Approval and award of contract	May 2021*
Start of project implementation	June 2021*

*dates to be confirmed.

2.5.5 If during the procurement it is discovered that a joint procurement is not to the Council's advantage, then LBBD will be required to undertake individual procurements for some of the services.

2.6 The contract delivery methodology and documentation to be adopted.

2.6.1 All services will need to be on-boarded as they are complex environments, and the winning bidder will need to familiarise themselves fully with each environment. On-boarding may last several weeks and will require resources from IT services to assist with the on-boarding.

2.6.2 Project management and IT resource costs have not been factored into this paper.

2.6.3 The on-boarding plan will be developed with the chosen supplier(s) prior to contract

signoff.

2.6.4 At the end of the 2-year initial contract period, LBBD will be required to make provisions to continue with the contracted supplier for another 12-months or undergo a re-procurement exercise.

2.7 **Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract.**

2.7.1 It is expected that by going through an open market process, LBBD will be able to procure one supplier for all the outlined services in this report. One supplier could see reduced downtime and easier management of contracts.

2.7.2 An opportunity to rectify any shortfall in the current managed service contract(s) and add in penalty clauses if a supplier does not meet expected service delivery that has an adverse effect on IT services provided to the Council and the public.

2.8 **Criteria against which the tenderers are to be selected and contract is to be awarded.**

2.8.1 The price/quality criterion split will be:

55% Functionally/Quality

35% Cost

10% Social Value

2.9 **How the procurement will address and implement the Council's Social Value policies.**

2.9.1 Potential supplier(s) will need to address the Council's Social Value commitments and LBBD will expect bidders', based on LBBD's Social Value Framework and the five priority themes (Investment in Local People, Investment in Local Economy, Environmental Sustainability, Community Participation and Engagement and People, Independence and Resilience) to make commitments which will be part of the assessment criteria.

3 **Options Considered**

3.1 **Option 1 – Do nothing (Rejected)**

3.1.1 This is not a feasible option as it means that LBBD will be left without support contracts for essential IT services and goes against the Councils Contract Rules.

3.2 **Option 2 – Joint procurement (Recommended)**

3.2.1 Managed service contracts for Azure, WVD, and a CSP agreement all with a single supplier. However, it is understood that this may not be possible so one or more elements may be tendered separately using the criteria in section 2.8.

Joint Procurement	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Potentially a reduced on-boarding and on-going support cost. • A single procurement for all systems will mean a reduction in overall procurement time and costs, which will result in increased efficiencies and better contract value. • Easier to manage a single supplier. 	<ul style="list-style-type: none"> • We could be at risk of having a supplier that does not fully meet all the individual requirements for all services. • There is an overall reduced market selection available due to limited suppliers being able to deliver all services. • The supplier may not have the capacity to deliver services within our timeframe.

3.3 Option 3 – Individual procurements (Viable but Less-Preferred)

3.3.1 Purchase of different contracts with different suppliers.

Individual Procurements	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Suppliers will be evaluated purely based on whether they meet the individual requirements. • Individual procurement means that contracts can be delivered in parallel. 	<ul style="list-style-type: none"> • Separate procurements will need to be undertaken, which means that a solution may not be delivered within the required time. • A costly option, in that suppliers will need to be approached and evaluated separately therefore effort may be duplicated.

3.4 Inhouse Provision (DBA Specific; Rejected)

3.4.1 The DBA Support Services has not been provided inhouse for more than 10 years. Hence, there are no dedicated staff inhouse for this service. The options are to train existing IT staff which would still need additional resources to be recruited to cover the other business as usual activities as there is no spare capacity within the team to cover this additional work. Further, the skillset & experience required to manage the complex databases used within the Council will require a substantial lead time which cannot be achieved by the end of the support contract by June 2021.

3.5 Strategic Services Framework (Rejected)

3.5.1 IT have considered the Strategic Services Framework for all the aforementioned items, however due to the quantity lotting of the IT products and services, if we were to aggregate four or five elements, we would be unable to achieve this on the framework, which is not desirable for LBBs IT strategy.

4 Waiver

4.1 Not applicable.

5 Equalities and other Customer Impact

5.1 Cloud Support Contract - This contract is to manage IT services and consume IT services from a cloud datacentre which will not have any direct impact on equality issues for customers.

5.2 DBA - The new contract will enable continuous & ongoing support for LBBD applications underpinned by the DBA service which are critical for Officers and Residents of the Council.

6 Other Considerations and Implications

6.1 Risk and Risk Management

Risk Description	Mitigating Actions	RAG Status
Any costs included in this report are estimate only and are likely to change.	Costs will need to be finalised with the supplier upon contract award, and resource costs will need to be ratified.	A
A joint procurement may not be feasible as some services may not meet all the requirements.	LBBD may be required to fallback to individual procurements.	A
Not meeting approval deadlines.	LBBD will engage with relevant individuals to ensure they have been briefed and are aware of the procurement timelines.	A
Supplier is not able to deliver on the joint procurement and implementation.	LBBD will need to decide if individual procurements will be more advantageous.	A

6.2 **TUPE, other staffing and trade union implications** - Not applicable

6.3 **Safeguarding Children and Vulnerable Adults** - Any procured managed service contracts will be fully GDPR compliant.

7 Consultation

7.1 IT service heads have been consulted to understand requirements for each of the tendered services.

8 Corporate Procurement

Implications completed by: Francis Parker – Senior Procurement Manager

8.1 The recommended route to market is compliant with the Councils contract rules and the PCR 2015.

- 8.2 G-cloud is a suitable procurement route which is specifically for IT goods and services. It is not the most flexible approach and doesn't allow for competition, on this basis it is hard to gauge whether value for money will be achieved. However, large elements of the overall cost are stipulated by Microsoft which offers a degree of price assurance.
- 8.3 The G-Cloud process will need to be adhered to correctly and records kept accordingly by the IT officers carrying out this procurement.
- 8.4 The Price/Quality splits are reasonable, there is unlikely to be much variation in costs due to the nature of the procurement and quality will be the most important criteria.

9 Financial Implications

Implications completed by: Sandra Pillinger, Group Accountant

- 9.1 The cost of these contracts is £1.135m in Year 1 or £4.54m in total over the 4-year contract period including a 2-year extension. These contracts have been budgeted at £1.136m pa in the IT revenue budget. Internal LBBB resource costs and supplier on-boarding costs will be met from within the existing IT budget.

10 Legal Implications

Implications completed by: Tessa Odiah, Interim Snr. Contracts Solicitor (Law & Governance)

- 10.1 The estimated contract value of the service to be procured are over the threshold specified in the Public Contracts Regulation 2015 and are therefore subject to the tendering requirements set out in the body of this report.
- 10.2 The acquisition of these services must also comply with the Contract Rules set out in the Constitution.
- 10.3 As the services are to be acquired through an established framework to which the council have access; the CCS G-Cloud 12 Framework, the proposed acquisition would appear to be compliant with both the PCT and the Council's Contract Rules.
- 10.4 Therefore, the proposals set out in this report would appear to be legally permissible and Legal Services support the recommendations made in this report.

Public Background Papers Used in the Preparation of the Report: None

List of Appendices: None