

Decision Pathway – Report

PURPOSE: Key decision

MEETING: Cabinet

DATE: 07 November 2023

TITLE	Re-Tender of MS Azure Agreement		
Ward(s)	None		
Author: Paul Day	Job title: Interim Head of IT Operations		
Cabinet lead: Cllr Craig Cheney: Deputy Mayor with responsibility for Finance, Governance & Performance	Executive Director lead: Stephen Peacock, Chief Executive		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
<p>Purpose of Report: This report seeks permission to procure and award a 3-year contract for continued use of the Microsoft Azure Cloud Infrastructure.</p>			
<p>Evidence Base: Microsoft Azure is the cloud-based (hosted by third party organisation) data centre technology used by the Council. The Council migrated several services to Microsoft Azure during the delivery of the IT Transformation Programme (ITTP) and is continuing this process under its current Cloud Migration project. This move to the cloud provides several business benefits, including:</p> <ul style="list-style-type: none"> • Improved IT resilience • Known total cost of ownership for services • Reduction in maintenance burden (support contracts and personnel) • Improved back-up and recovery • Improved delivery of remote working solutions • Improved approach to partnerships, such as the safe sharing of information with third parties • Improved services to staff and citizens through a modern platform • Improved Information (Cyber) Security, protecting access to our systems and data • Improved approach to Information Assurance, helping us meet our data protection act and GDPR obligations • Ability to use new solutions such as Data/Insights and Customer Relationship Management (CRM) tools <p>This solution hosts our servers as well as our data. Furthermore, it provides several critical IT services such as the authentication of users onto our network and systems and delivers much of our Information (Cyber) Security protection and resilience. It is a key platform that would effectively prevent the usage of any IT Systems if it were not available.</p> <p>The pricing model for this solution is consumption based, i.e., the Council pays only for the services which are actively used at any time. We can put services into ‘standby’ when they are not being actively used, such as test servers, which means the Council does not pay for services when they are not required. We are also able to procure 12 months of services in advance through ‘reserved instances’ when we know we will need a service to be available all the time, such as our website, achieving a lower cost for the Council.</p>			

Our current contract expires on 31 March 2024. We need to have a contract in place that will allow us to continue to utilise this vital solution within the vendor licence terms.

It also seeks permission to authorise the Head of Procurement & Contract Management to approve appropriate procurement routes to market. Microsoft licensing can be complex and changes periodically. The options available at this time include contracting via a third party through the Microsoft Cloud Solutions Provider Programme or directly with Microsoft, but procurement specialists will take whichever route provides Best Value at the time.

As the Council has continued its process of digital transformation it has, as expected, increased its use of Microsoft Azure services. Current expenditure on Azure is now running at some 13% per annum over that tendered for in the last three-year period. It is nevertheless believed that this expenditure has now reached a plateau and may be possible to reduce, since although further services will be migrated to Azure over the coming three-year period, economies are simultaneously being made in rationalising server usage, concentrating processing requirements onto a smaller number of servers, and deleting old and unnecessary data. The procurement value has therefore been set to enable the Council to fund its expected levels of service consumption (plus contingency) over the life of the contract without the need for further contract value increases and negotiations. The contract will not commit the Council to spending the full contract value, and so the financial figures cited within this report should be considered a ceiling amount. The cost of MS Azure licensing is contained within the council's existing budget envelope for IT Operations and no additional budget growth is sought by this report.

Cabinet Member / Officer Recommendations:

1. Authorise the tender of a 3-year contract for Microsoft Azure, using an appropriate route to market as advised by Strategic Procurement, at a cost not exceeding £864,000 per annum.
2. Authorise the Director: Policy, Strategy and Digital, in consultation with the Deputy Mayor, Finance, Governance & Performance, to take all steps necessary to procure and award the contract.
3. Authorise the Head of Procurement & Contract Management to approve appropriate procurement routes to market where these are not yet fully defined, or if changes to procurement routes are subsequently required.

Corporate Strategy alignment:

This fully aligns to the Corporate Strategy and Digital Strategy 2022-27. It is a key foundation to being able to deliver Digital Transformation and provide the stability of a platform to build our new ways of working upon.

It meets the following principles:

- Maximising opportunities to work with partners
- Focussed on long-term outcomes, not short-term fixes
- Use our assets wisely

It meets our organisational priorities:

- Redesign the Council to work effectively as a smaller organisation
- Equip our colleagues to be as productive and efficient as possible
- Be able to explore new commercial ideas

City Benefits:

There are considerable benefits to the usage of this platform. This includes the ability to deliver One City Plan digital outcomes on a platform which can be used to support partners and deliver data and insights aligned to a Digital Place/Smart City agenda. By having the scale of capability available, on a consumption model, enables the Council to have access to solutions which would otherwise be prohibitively expensive to utilise. In addition, by using Microsoft Azure as the cloud platform of choice, the city's Climate Emergency Action plan is served by consuming services from a vendor that pledges to be carbon negative by 2030 – and to have removed all the carbon emissions created in the organisation's history, by 2050.

Consultation Details

Not Applicable
Background Documents: Cabinet approval document from 2021: https://democracy.bristol.gov.uk/ieListDocuments.aspx?MId=8406

Revenue Cost	£2.6m	Source of Revenue Funding	General
Capital Cost	£0	Source of Capital Funding	N/A
One off cost <input type="checkbox"/>	Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: This paper is seeking approval to Procure and award a 3-year contract for the continued use of Microsoft Azure Infrastructure Cloud Infrastructure with the current contract due to expire 31st March 2024. The requested /estimated contract value is £2.6m over 3-year (£0.867m per year). This is to be funded from existing general fund budget within IT Operations cost centre.

The previous 3-year contract due to expire was for £2.3m (£0.767m per year) with the new price quoted reflecting an increase of £300k (£100k per year). Noting that this is a “pay as you use” service, the increase in contract award requested is to provide some headroom as the Council continues its process of digital transformation with its increased use of Microsoft Azure services.

The new contract ceiling poses a risk/pressure of up to £100k per annum on the Service Budget, and this is to be mitigated as the Service indicates that the expenditure has plateaued and that there are opportunities to reduce expenditure through optimization of storage, economies in rationalising server usage, concentrating processing requirements onto a smaller number of servers, and deleting old and unnecessary data.

Finance Business Partner: Olubunmi Kupoluyi. 29 September 2023

2. Legal Advice: The procurement process must be conducted in line with the 2015 Procurement Regulations and the Councils own procurement rules. Legal services will advise and assist officers regarding the conduct of the procurement process and the resulting contractual arrangements.

Legal Team Leader: Husinara Jones, Team Manager/Solicitor 16 October 2023

3. Implications on IT: This is a critical contract to enable the continued usage of the Council’s IT Services and to ensure we are contractually and procurement compliant. As a result, I fully support the report.

IT Team Leader: Polly Thompson 22/8/2023

4. HR Advice: No HR implications.

HR Partner: James Brereton (Head of Human Resources), 16 October 2023

EDM Sign-off	Stephen Peacock: Chief Executive	30/08/2023
Cabinet Member sign-off	Cllr Craig Cheney: Deputy Mayor with responsibility for City Economy, Finance & Performance	25/09/2023
For Key Decisions - Mayor’s Office sign-off	Mayor’s Office	30/10/2023

Appendix A – Further essential background / detail on the proposal	NO
Appendix B – Details of consultation carried out - internal and external	NO

Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	No
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO