

Notice of Non-key Executive Decision

Subject Heading:	Havering Cloud Adoption Pilot
Decision Maker:	Glyn Peach, Director of Technology and Innovation
Cabinet Member:	Cllr Paul Middleton
SLT Lead:	Glyn Peach
Report Author and contact details:	Sophie Onyek 07985 427 558 Sophie.onyek@newham.gov.uk
Policy context:	<p>This project directly contributes to the Connections: Using technology to improve the way we live objective of the Corporate Plan.</p> <p>The following outcomes will be delivered:</p> <ul style="list-style-type: none"> Delivering digital improvements to enhance the customer experience and enable self-service <p>Ensuring that good customer experience is at the heart of our Digital Service design and the wider delivery of public services</p>
Financial summary:	The Cloud Adoption Pilot contract will be an estimated £30,000 for a 3 month contract

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Relevant Overview & Scrutiny Sub Committee:	Overview and Scrutiny Board
Is this decision exempt from being called-in?	The decision will be exempt from call in as it is a Non key Decision

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The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents

Place - A great place to live, work and enjoy

X Resources - A well run Council that delivers for People and Place.

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

The Directory of Technology & Innovation is recommended to agree:

- to procure a services contract for Cloud Migrations via Matrix MM, at an estimated cost of £30,000 for a period of 3 months, commencing on 22nd April 2024 until 22nd July 2024.

AUTHORITY UNDER WHICH DECISION IS MADE

3.3 Powers of Members of the Senior Leadership Team Members of the Senior Leadership Team (SLT) have delegated authority to act as follows within the assigned service service/portfolio of responsibilities, subject to the general provisions and limitations set out in section 3.1 above.

Contract powers (a) To approve commencement of a tendering process for all contracts above a total contract value £500,000.

STATEMENT OF THE REASONS FOR THE DECISION

The London Borough of Havering (LBH) is seeking to modernise the hosting and delivery of the applications and systems they self-host, with the goal being to migrate from the current on-premise Hyper-V platform to utilise Microsoft Azure public cloud services to deliver security, resilience, and performance improvements.

LBH currently operates a shared IT service, which they are seeking to disaggregate and, moving services to the public cloud is viewed as an opportunity to achieve that outcome, whilst mitigating existing risks and delivering significant benefits to the Borough.

The migration to the public cloud will also mitigate several infrastructure and compliance risks which will arise over the next 12 months. The replacement of the core network was halted to better align with the public cloud strategy and we must act to mitigate the risks of the existing network infrastructure by migrating to the cloud. Additionally, the migration to the cloud will mitigate several issues around deprecated platform software and enable cost avoidance.

LBH is keen to undertake the modernisation at pace over the next 12 months, and the shared ICT team have little practical experience of either migrating or managing services in the public cloud.

The Council is looking for a partner with significant experience of both managing the migration of services to public cloud from on-premise data centres and optimising the

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ongoing management of the new cloud environments. The Council will require the partner to share their knowledge with the in-house team and upskill internal resources.

The partner will support the Council during this critical period of change to:

- Lead the technical migration of applications and services from the on-premises data centres to the public cloud.
- Provide early life support to the Borough's emerging public cloud environment, helping to optimise their operation.
- Support the Borough's IT staff to become familiar with supporting services in the public cloud, accelerating the maturity of the team and enabling the Boroughs to become self-sufficient.
- Work with the Borough's ICT team to experiment and adopt new ways of working, embedding a culture of continual improvement and helping them to become recognised as a high performing team.

The Council is proposing to procure consultancy services through Matrix MM.

The Matrix award will be a two stage process. The first stage will be a proof of concept to migrate 3 applications (this report), which is expected to last no longer than 3 months. If the proof of concept is successful, the Council will directly award the larger piece of work to the same supplier to cover the remaining work required to complete the migration process. It is anticipated that the larger contract will be awarded in a timely manner to avoid any delays following the POC. The larger contract will require an additional key decision to approve the award.

OTHER OPTIONS CONSIDERED AND REJECTED

The Council considered the following options:

1. Do nothing. The Council's strategy is web first. By doing nothing, the Council would be leaving its critical applications on-premise. The disadvantages of on-premise applications are: the total cost of ownership is higher; the solutions are not easily scalable and hosting is less suitable for flexible working. Some applications and services are hosted on ageing hardware and this migration will negate the need for replacement hardware.
2. Migrate the applications in-house. The Council does not have the necessary skills and expertise to manage this piece of work in-house, which is why the Council would like to commission a partner to upskill our in-house teams.
3. Using a framework to procure services. This option was rejected as the Council already has a contract in place for consultancy services with Matrix MM.

PRE-DECISION CONSULTATION

Not applicable

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NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Sophie Onyek

Designation: Project Manager

Sophie Onyek

Signature:

Date: 22/03/2024

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has power to procure and enter into the contracts under s111 of the Local Government Act 1972 which permits the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The Council also has a general power of competence under Section 1 of the Localism Act 2011 to do anything an individual can do, subject to any statutory constraints on the Council's powers. None of the constraints on the Council's s.1 power are engaged by this decision.

The contract value is £30,000. The proposed contract is below the applicable Public Procurement threshold for contracts for services (£214,904) stipulated in the Public Contracts Regulations 2015 as amended (PCR) and therefore the procurement of the contract will not be subject to the full PCR regime.

Whilst the procurement does not fall under the full PCR regime, when considering whether to approve the procurement of this contract, the Council must comply with the procurement requirements of the Council's Contract Procedure Rules (CPR).

Here, the contract is procured via the Matrix Managed Marketplace portal.

Subject to officers following the correct call-off procedure for the contract, the procurement route will be PCR and CPR compliant.

For the above reasons, the Council may proceed with the procurement of this contract.

FINANCIAL IMPLICATIONS AND RISKS

LBH has identified £30k of capital funding in order to deliver the work specified within this contract. The funding is held within the capital code C28180 (Network Infrastructure, Cloud Platforms) for Havering.

The work carried out will essentially begin to populate the previously capitalised sovereign Azure landing zone with systems and applications which are currently held within on-premise servers. These servers and the data centre they are housed in are end of life and out of support hence the need to progress this work urgently to mitigate the risk of security threats and outages/failures. The migration of systems and applications from on premise servers to Havering's Azure landing zone will result in improved security, resilience and performance improvements.

When capitalising costs relating to the modernisation of technology as part of the technological split of oneSource arrangements as intangible assets, the service is determining the spend meets the following three criteria:

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The item is identifiable – this requires either that the item is capable of being separated and sold or that it has arisen from contractual or other legal rights

It lacks physical substance

It is controlled by the authority as a result of past events and future economic benefits or service potential are expected to arise

There is a risk that if the spend fails to meet any of the above criteria the spend will need to be funded from revenue sources instead.

The contract will run for 3 months from April 2024 and so will fall within a single financial year 24/25.

It is not expected that there will be any associated/additional costs as existing online/digital Azure migration tools will be used to carry out the work.

It is likely there will be an impact on data connectivity and consumption costs (revenue) resulting from the move to cloud based technologies, however, longer term these will be offset in part by revenue savings made from decommissioning the data centre in 2025/26. Furthermore, moving to a modern cloud-based environment will negate the need for future investment in on-premise infrastructure and the associated MRP and interest costs.

This pilot will help to inform and quantify the emerging revenue impact of migration and modernisation activities on revenue consumption and connectivity costs as well as, substantiating/refining current estimates for the wider technological split programme which are currently based on market engagement.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

There is no requirement to conduct an EQHIA as this decision has no impact on any vulnerable groups.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

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Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

The recommendations made in this report do not give rise to any identifiable Environmental and Climate Change implications and risks.

Migrating to the cloud will reduce our carbon footprint. Research has shown that customers consume 77% fewer servers, 84% less power and reduce carbon emissions by 88% by using the cloud.

BACKGROUND PAPERS

None

APPENDICES

None

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed



Name: Glyn Peach

Other manager title: Director of Technology and Innovation

Date: 22/03/2024

Lodging this notice

The signed decision notice must be delivered to Committee Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____