

CONTRACT FOR CLOUD BASED INFRASTRUCTURE SERVICES
Cllr Fitzgerald, Leader of the Council
MAY 2023
Deadline date: <i>MAY 2023</i>

Cabinet portfolio holder: Responsible Director:	Cllr Fitzgerald, Leader of the Council Cecilie Booth, Executive Director of Corporate Services and S151 Officer
Is this a Key Decision?	YES If yes has it been included on the Forward Plan: YES Unique Key decision Reference from Forward Plan: KEY/31JAN2023/06
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	NO

R E C O M M E N D A T I O N S
The Cabinet Member is recommended to:
<ol style="list-style-type: none"> 1. Authorise the award of contract to Strategic Blue Limited 1 June 2023 to 31 May 2027 for a sum not exceeding £4,500,000. relating to cloud-based infrastructure services. 2. Authorise the Executive Director of Corporate Services to vary this Contract, subject to consultation with the Director of Law and Governance (or authorised officer's).

1. PURPOSE OF THIS REPORT

1.1

This report is for the Leader of the Council to consider exercising delegated authority under paragraph 3.4.8 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (q).

1.2

2. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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3. **BACKGROUND AND KEY ISSUES**

- 3.1 As part of the council's 2015 Technology Strategy, the council migrated servers from the Town Hall server room to a remote computing/web service provided by Amazon Web Services (AWS) procured through Arcus Global Limited via the G-Cloud framework. The contract is now managed in house via a G-Cloud contract.

AWS is fundamentally the backbone to PCC's applications delivery, and operationally AWS continues to offer the best value and continuity of service to the council.

The cloud-based service is a core element of PCC IT infrastructure therefore the award of this contract is fundamental to the continuation of uninterrupted service provision by Peterborough City Council.

It is planned as part of this award to migrate services from our on-premises data centre to AWS, which will eliminate the need to purchase and maintain physical hardware, supporting the reduction of capital and operational expenses.

4. **CORPORATE PRIORITIES**

- 4.1 This recommendation links to the Council's Corporate Priority, 'Sustainable Future City Council' and is commensurate with the Council's 'Cloud First' IT Strategy by demonstrating an increased commitment to a greener, sustainable IT infrastructure. By continuing to shift away from buying and operating IT equipment, and instead consuming it as a service, the Council will only pay for what it needs, meaning there is no need to overprovision; services can expand or contract depending on usage.

How we Serve (Excellence)

Speed and accessibility are key benefits of cloud. Uptime guarantees, automatic scaling and performance upgrades contribute to efficient, more available, more accessible systems and improved productivity.

How we Work (Flexible)

Cloud technology maximises the Council's ability to be more agile and adaptable. With on-demand resources and services, the Council can respond more quickly to the demands of the services it delivers and adapt to the changing needs of those it supports.

How we Enable (High Performing)

Cloud technology facilitates enhanced opportunities for collaboration in a robust and scalable environment, ensuring consistent, high performing services to a guaranteed level.

5. **CONSULTATION**

- 5.1 As part of the decision, consultation was undertaken with the relevant Service leads (IT, Procurement, Finance) within the Council.
- 5.2 *Suggest here other consultation(s) which could be undertaken.*

The report had also been considered by the Corporate Leadership Team and Cabinet Policy Forum.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 Migration of our on-premises server and storage solution and continued use of the AWS cloud-based services, to host our storage and compute needs to deliver line of business applications that run the authority.

7. REASON FOR THE RECOMMENDATION

- 7.1 Operationally AWS offers best value and continuity of service to the council with specific benefits including; high availability server capacity, modern server technology, switching off servers when not in use to reduce cost, a level of disaster recovery and improved business continuity.

The Council is therefore provided with an effective ICT service which offers:

- **Cost savings:** Eliminates the need to purchase and maintain physical hardware, reducing capital and operational expenses.
- **Scalability:** Allows you to quickly and easily scale your infrastructure to meet changing demands, both down (instantly reducing costs) and up
- **Agility:** Gives the ability to quickly test new technologies
- **Improved disaster recovery:** Provides built-in disaster recovery and business continuity features, reducing the risk of data loss and downtime.
- **Increased efficiency:** Many IT processes can be automated, freeing up IT staff to focus on more strategic tasks.
- **Better security:** Cloud providers offer a high level of security, including data encryption and multi-factor authentication, reducing the risk of data breaches and cyber-attacks, which would be difficult to match within the Council's own data centre without significant and ongoing costs.
- **Sustainability:** Providers use energy-efficient hardware, reducing the carbon footprint of their operations. AWS use renewable energy sources, such as wind and solar, to power their data centres. (In January it was announced that Amazon set a new record for most renewable energy purchased by a Single Company). The Council does not need to buy redundant hardware that won't be used.

The current contract expires on 31st May 2023 therefore a new contract is required in order to continue use of AWS cloud-based services.

The recommended option is to continue the cloud-based services but also enhancing our ability to manage the environment better financially by doing this via a finance operations (finOps) partner. This partner will ensure that we are getting the best value for money and adopting different techniques for what we need, unlike other organisations in this sector they do not charge on top of what we would have paid directly to AWS. After running a procurement process under the GCloud 13 framework Strategic Blue Limited are our preferred supplier

This is considered to be the preferred procurement route, as opposed to renewing the contract via any third party, as it removes any handling charges or mark-up that may be applied by a third party.

The contract for cloud-based services is based on a direct award of contract via the G Cloud 13 Framework Agreement and is made in accordance with the procedures for awarding a direct call-off.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 A soft market test was performed, this looked at replacing the existing hardware used by the Council. This was broadly comparable in terms of total cost of ownership, however the following points were noted

- the amount of hardware required will decrease over the next couple of years as more line of business systems are moved to the cloud which would represent expenditure that is unnecessary
- the high cost of energy for local data centres
- the need for energy security
- the increased resilience from running cloud services
- the target of moving the Council to net zero

The conclusion was that the best option is to continue with the current approach and to move the remaining services into the cloud.

There are other suppliers of cloud services but the Council already has a presence within AWS and it would cost more and take a significantly longer time to move those services to another provider with an impact on service delivery and service availability during that time.

9. IMPLICATIONS

Financial Implications

- 9.1 Whilst the overall amount is set at £4.5m, it is not currently anticipated that we will reach that within the 4 years. Any spend will be in line with annual budgets and this is not a commitment of that level of spend with the supplier. This is because we are only paying for what we need when we need it.

Legal Implications

- 9.2 The procurement of the cloud-based services has been undertaken in accordance with the Crown Commercial Service G-Cloud 13 Framework requirements and the call-off is compliant with the Public Contracts Regulations 2015.

Equalities Implications

- 9.3 Is neutral for this CMDN.

[Insert Any Other Relevant Implications]

- 9.4 This is a renewal of a current service. Amazon Web Services (AWS) is committed to running their business in the most environmentally friendly way possible and achieving 100% renewable energy usage for their global infrastructure.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

- 10.1 None.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

- 11.1 None.

12. APPENDICES

- 12.1 None.