

Report for: Cabinet Member for Finance and Local Investment – Councillor Carlin

Title: Data Centre Project - Award of a contract for replacement server hardware (dHCI Technology Platform) for two Council Data Centre locations.

Report authorised by : Jess Crowe, Director of Culture, Strategy and Engagement

Lead Officer: Glenn Mason, Head of Technology

Ward(s) affected: N/A

**Report for Key/
Non Key Decision: Key Decision**

1. Describe the issue under consideration

- 1.1 The London Borough of Haringey (the “Council”) is migrating to a new Crown Hosting data centre (“DC”). This has been driven by the current secondary data centre site – River Park House (“RPH”) closing with a target decommissioned date of March 2025. This combined with legacy hardware going end of service (“EoS”) means all implementation and migration activities will need to be completed by December 2024.
- 1.2 The Council is taking advantage of this move to optimise the environment and increase resilience. A decision has been made to move away from the traditional three-tier architecture and adopt disaggregated hyper-converged infrastructure (“dHCI”) to allow the Council to optimise its virtual server infrastructure and ensure resources are appropriately designed and delivered to ensure the best use of resources while maintaining a resilient platform.
- 1.3 This report details the outcome of a Further Competition exercise conducted under Crown Commercial Service (CCS) Framework RM6098, Technology Products And Associated Services 2 – Lot 1, and seeks Lead Cabinet Member approval to award the Contract to Supplier A, identified in Appendix 1 - Part B (exempt information) of this report, for supply, installation and configuration of a Disaggregated Hyperconverged Infrastructure Platform (dHCI) Technology Platform into two Council Data Centre locations.
- 1.4 The contract is for a period of 5 (five) years, targeted to commence in August 2024.

2. Cabinet Member Introduction

Not applicable.

3. Recommendations

The Cabinet Member for Finance and Local Investment is asked:

- 3.1 To approve, pursuant to Contract Standing Order 9.07.1 (d) (All contracts valued at £500,000 or more at the time of award may only be awarded, assigned, or novated by the Cabinet), the award of a contract for supply, installation and configuration of a Disaggregated Hyperconverged Infrastructure Platform (dHCI Technology Platform) into two Council Data Centre locations to Supplier A, identified in Appendix 1 - Part B (exempt information) of this report, for 5 years for the tendered contract value of £1,327,567.16 (one million, three hundred and twenty-seven thousand, five hundred and sixty-seven pounds and sixteen pence) subject to the further details set out in section 3.1 of Appendix 1 - Part B (exempt information) of this report).
- 3.2 To approve, pursuant to Contract Standing Order 9.07.3, the issuance of a letter of intent for up to 10% of the tendered contract value, totalling £132,756 (one hundred and thirty-two thousand, seven hundred and fifty-six pounds).

4. Reasons for decision

- 4.1 The Data Centre Programme used the required location move as an opportunity to fully review the current server and virtual infrastructure strategy and to understand the growth of the server estate over the last 5-8 years. It became clear there was an opportunity to modernise the infrastructure offering while reducing the overall footprint, and so power usage, while supporting a key programme objective to procure a solution that supports the short and long-term strategic needs of the Council. The proposed contract enables the Council to meet this objective by the delivery of the new dHCI Technology Platform into the Council's Data Centres.
- 4.2 The supplier recommended for award of the contract submitted a strong tender that clearly demonstrates significant expertise and commitment to providing the appropriate and relevant solution for the Council's requirements. The supplier ran profiling tools on the Council's systems to understand the actual resources including the virtual and physical infrastructure and was able to cost the solution to reflect this. The supplier's tendered costs aligned to the discovery phase estimates.
- 4.3 The recommended supplier showed a strong understanding of the Council's requirements in its quality submission, demonstrating experience in similar projects and clear processes to deliver successfully.

5. Alternative options considered

- 5.1 Do Nothing

This option, which would involve not awarding a contract to deliver the dHCI Technology Platform and would leave end of life legacy equipment to be relocated into data centres, is not recommended as any equipment failure would cause significant outages for the Council. This would also mean the Council would need to start replacing hardware immediately with a piecemeal approach over the next two to three years at equal cost but without any of the benefits of a modern infrastructure.

5.2 Ad-Hoc Replacement of Hardware

As with the Do Nothing option, this approach could have been adopted. However it would ultimately result in the Council using more rack space and power in the data centres and ultimately the cost of the hardware over the next two to three years would be the same as for procuring the new platform.

6. Background information

6.1 Context

Following on from the decision to close Riverpark House and the subsequent need to relocate the Data Centre, the Data Centre Programme was initiated to understand the requirement. The Council secured alternative Data Centre space at Crown Commercial Data Centre in Meridian Way, Enfield, a deep dive analysis was carried out on the existing server infrastructure to ascertain which elements could be safely relocated without risk of failure due to the age of legacy equipment. It became apparent that, although many of the ageing assets could have continued to be safely leveraged in the current environment, moving them would present a risk of hardware failure.

Considerable work has taken place to engage both peer organisations and the market to gain a robust understanding of the required infrastructure equipment to enable the new Data Centres to reach their full potential. The Council's requirements were gathered into a specification having regard to the outcome of the above engagement and that formed the basis of this tender.

The outcome of this engagement is a need to move to a new, modern technology which will form the platform for the Council's applications and data for the next five to eight years.

The Council has not invested in a full platform replacement for a long time. Instead, individual hardware has been replaced as it became end of life or there was new demand. This left the existing estate with a variety of technologies with competing priorities for patching and security updates.

Detailed work was completed to review the current hardware estate, licences, legacy hardware support, footprint and power consumption considerations. Initial rationalisation and subsequent decommissioning works reduced the power requirement for the server estate by 39%. It became apparent that by

introducing the new hardware solution into the server estate, that the power requirement would reduce by an additional 14%.

A provisional budget was set for the programme of £2.2M, for all elements of the programme. Peer and market engagement highlighted an estimated £1.1M - £1.4M would be required for the dHCI Server Hardware requirements at concept level. The remainder of the budget was required to procure technical services, consultancy services, logistical services to move data centre hardware such as telephony, connectivity into and between the Data Centres and Data Centre enabling works and infrastructure items such as additional enabling networking hardware.

7. Procurement approach

- 7.1. A further competition process was conducted under Crown Commercial Services (CCS) Framework RM6098, Technology Products And Associated Services 2 – Lot 1 in line with the Public Contract Regulations 2015 and the Council's Contract Standing Orders and Procurement Code of Practice.
- 7.2 The Council's technical teams developed requirements for future compute hardware and data storage on the existing infrastructure offering. The specification was then developed, setting out the logistical, installation, configuration and hardware requirements that reflected the Council's needs and timeline.
- 7.3 The Council's requirements and supporting documents were published on 22nd January 2024 on the Haringey Procurement and Contract System (HPCS) portal. All 16 suppliers on Framework RM6098 were invited to participate in the further competition exercise.

By the closing date of the mini-tender (11th April 2024), of the 16 suppliers, only Supplier A had submitted a response, see Appendix 1 - Part B (exempt information) of this report).
- 7.4 The mini-tender process provided for any participating bidder to run a profiling tool on the Council's infrastructure over a one-month period. This was to ensure all current resource usage would be accurately captured, allowing the proposed solution to be sized and costed accurately.
- 7.5 The sole tender submitted by Supplier A was evaluated using the Most Economically Advantageous Tender (MEAT) criteria with a split of 60% Price, 10% Social Value and 30 % Quality. The tender evaluation criteria and weightings were set out in the tender documents and clarified during the tendering process.
- 7.5 The evaluation panel was comprised of 3 evaluators from the Council's Digital Services Team.
- 7.6. Quality evaluation

The following quality scoring criteria were utilised to analyse the tender returns to ensure compliance with the Council's requirements:

Solution Design – 12%

Commissioning and Installation – 12%

Operational Support and Monitoring Services – 6%.

7.7. Cost evaluation

While Supplier A was the sole bidder and so its tendered costs could not be assessed by comparison to any other bidder's, Supplier A's costs were in line with the pre-tender estimates based on early market engagement.

- 7.8 The table below details the outcome of the tender evaluations and Supplier A's scores against the Council's criteria. Further information about the tender evaluation (such as name and contract value breakdown) is contained in Appendix 1 - Part B (exempt information) of the report.

7.9

Company	Price 60%	Quality 30%	Social Value 10%	Overall Score 100%
Supplier A	60%	26.4%	7.5%	93.9%

The recommendation to award the contract to Supplier A is based on a robust evaluation process. Recommended supplier A's submitted tender was comprehensive and included well-chosen comparable examples, a good understanding of the contract's risks and challenges and a good understanding of how to add social value to residents.

7. 10 The value of the contract for supply, installation and configuration of a Disaggregated Hyperconverged Infrastructure Platform (dHCI Technology Platform) into two Council Data Centre locations is £1,327,567.16 subject to the further details set out in section 3.1 of Appendix 1 - Part B (exempt information) of this report).

8 Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes

Responding to the Climate Emergency:

High Level Outcome 2 A Just Transition - The transition to a low carbon economy is just, equitable and benefits.

High Level Outcome 3 A Low Carbon Place - Haringey is a borough where the built environment supports carbon reduction and climate adaptation.

9 Carbon and Climate Change

This project has focused on reducing the physical footprint of Council systems and enabling a reduction in power consumption, and in turn reducing carbon. This project will introduce newer more energy efficient systems and locate these systems into a purpose built facility that minimises overheating and passively cools the equipment. Where the existing equipment has not met its end of life, this older equipment will be transferred to the new facility and used until it has reached its end of life. This new approach has been calculated to reduce the Council's energy consumption by 39%.

As the new replacement technology is introduced, it will further reduce the energy consumption of the Council's physical servers. It is expected that this will equate to a further 14% reduction in the power usage.

This approach will save the Council money and reduce carbon through new more efficient equipment and management systems. It will also increase resilience of the system through a purpose built and managed facility that manages overheating risks and makes the systems more resilient in a changing climate.

10 Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

10.1 Finance

The tendered cost of this five-year contract for new Data Centre technology is £1,327,567 for the supply, installation and configuration of dHCI Technology Platform into both Data Centres subject to the further details set out in section 10.1 of Appendix 1 - Part B (exempt information) of this report. This will be funded from existing provision within the Data Centre Move project budget (Scheme 655) in the MTFS Capital programme.

10.2 Procurement

- 10.2.1 The service in relation to the proposed award is above threshold and hence subject to The Public Procurement regulation 2015.
- 10.2.2 Therefore pursuant to Council's s CSO 7.01b) which permits the selection of a contractor from a public sector framework in accordance with the rules of that framework, Strategic Procurement conducted a Further competition exercise under (CCS) Framework RM6098, Technology Products And Associated Services 2 – Lot 1.

- 10.2.3 16 suppliers were invited and 1 tender from supplier A received. Robust evaluation of the tender was conducted to ensure recommended supplier A can meet council's requirement outlined in the tender documents without any reservations and their price proposal are within pre- procurement estimates.
- 10.2.4 The Digital team has set out key performance indicators within the contract which will be regularly reviewed to ensure contract outcomes are met and to mitigate any contract delivery issues.
- 10.2.5 Strategic Procurement supports the recommendations in section 3 of this report.

10.3 Assistant Director, Legal & Governance

This report is proposing the award of a contract to a supplier selected through a call-off, conducted by way of a further competition, under a Crown Commercial Service (CCS) framework agreement (RM 6098).

Under Contract Standing Order (CSO) 7.01(b) and Regulation 33 of the Public Contract Regulations 2015 the Council may award contracts called off in this way under a framework established by another public sector body.

Strategic Procurement has reported above that they conducted the call-off process in this procurement under, and therefore in accordance with, the CCS framework.

Under CSO 9.07.1(d), a contract valued at £500,000 or over may be awarded by Cabinet and under CSO 16.02 a Cabinet Member to whom the decision to make an award has been allocated by the Leader may award the contract in lieu of Cabinet.

The Assistant Director, Legal and Governance is not aware of any legal reason preventing the approval of the recommendations in paragraph 3 of this report.

Equality

The council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

The proposals within this report take account of these needs and the associated statutory duties and good practice guidelines.

11 Use of Appendices

N/A

12 Background papers

- a. None.
- b. This report contains exempt and non-exempt information. The exempt information is contained in the Appendix 1 Part B Exempt Report and not for publication. The information is classified as exempt under Schedule 12A of the Local Government Act 1972, category 3 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

Section of the report template	Part A (Open)	Part B (Exempt)
1	Award of Contract details excluding value and bidder(s) name (unless direct award).	Award of contract to named bidder(s) and value, including details on any extensions. Reference to any contingency or letter of intent value.
3	Recommendation to state term, any extensions and aggregated value of award to unnamed bidder(s). Reference to relevant CSO's.	Recommendation to state term, any extensions and aggregated value of award to named bidder(s). Reference to relevant CSO's. Reference to any contingency values.

4	Reasons to include references to top ranked bidder, most economically advantageous tender, best value or alternative reasons as appropriate.	Additional considerations that fall within exempt criteria (e.g. where not appointing to 1st ranked bidder)
5	State alternatives including reference to do nothing, inhouse option etc..	N/A – unless falling within exempt criteria.
6	Describe the procurement process undertaken. Basis for award (quality/price split). Table of results using anonymised bidder info. High level reference to contract and performance management.	Table of results using full details of bidder(s) and pricing/scores etc..
8	Refer to procurement guidance set out in this section	Include any comments that fall within exempt criteria (e.g. non-compliance related issues/risks)