SURREY COUNTY COUNCIL

CABINET

DATE: **29 SEPTEMBER 2020**

REPORT OF: **DR ZULLY GRANT-DUFF, CABINET MEMBER FOR CORPORATE SUPPORT**

LEAD OFFICER: **LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR- RESOURCES**

SUBJECT: **HYPERCONVERGED SYSTEM PHASE 2 PROCUREMENT**

SUMMARY OF ISSUE:

This report sets out recommendations arising from a requirement to add a procurement to the 2020/21 Annual Procurement Forward Plan for the provision of Hyperconverged Systems.

The Hyperconverged System phase 2 procurement, part of the Core Infrastructure Architecture project, is to procure the final required hardware to reduce the complexity of the council's data centres server infrastructure, increasing scalability and improving performance and stability.

Following the introduction of an Annual Procurement Forward Plan, Cabinet approval is required in order to add the procurement to the 2020/21 Annual Procurement Forward Plan and to commence the procurement in October 2020.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Gives approval for the procurement for Hyperconverged System Phase 2 to be added to the 2020/21 Annual Procurement Forward Plan (APFP) in accordance with the Council's Procurement and Contract Standing Orders;

2. Agrees that where the first ranked tender for this project is within the +/-5% budgetary tolerance level, the relevant Executive Director, Director or Head of Service (as appropriate) is authorised to award such contracts.

REASON FOR RECOMMENDATIONS:

- To comply with the Procurement and Contract Standing Orders agreed by the Council in May 2019.

- To provide Cabinet with strategic oversight of planned procurement projects for 2020/21.

- New hardware is required to address current issues with the data centres server infrastructure, including:

- o Increasing hardware faults, in particular hard disk failures, caused by the current infrastructure reaching end of life;

- o Capacity issues with the current infrastructure;

- o Ability to make critical systems (*e.g. Children's, Finance, ERP*) highly available.

DETAILS:

Approval to Procure

1. The Approval to Procure form has been approved by Anna Kwiatkowska, Head or Procurement, and Leigh Whitehouse, Executive Director of Resources and S151 Officer.

2. The procurement represents the purchase of hardware (servers) in alignment with the Core Infrastructure Architecture (C.I.A) Strategy.

3. Under section 1.6 of the Procurement & Contract Standing Orders (PCSO), where the need arises during the year for procurement activity on contracts over the Regulatory Thresholds which have not been pre-approved through the APFP, then Approval to Procure must be sought by the Head of Service concerned before any procurement activity may begin. For capital projects, approval can be given by the capital programme panel, then as below.

    Value under £1m: Head of Procurement (SCC), Executive Director in consultation with Portfolio Holder, and S151 Officer

    Value over £1m: Head of Procurement (SCC), S151 Officer and Cabinet

Phase 2 - Hyperconverged System Procurement

- • Over the 18 months IT & Digital has been implementing the Orbis wide Core Infrastructure Architecture Strategy (C.I.A).

- • The C.I.A represents a new approach to how the council will provide infrastructure services, in a more cost effective and simple way and encompassing the very latest technologies and industry best practice. It will drive up the availability of systems within the data centres, bring data centre server hardware up to date and enhance the overall disaster recovery capability for the council. The C.I.A is a core enabler for our systems to scale for situations such as COVID-19 (*e.g. by allowing for immediate capacity to be allocated for an influx of remote working*).

- • Hyperconvergence or **H**yper**C**onverged **I**nfrastructure (**HCI**) is the current industry standard in the context of providing high performing computer services within data centre environments.

    By introducing hyperconvergence technology into the council's data centres we can achieve a range of time and resource efficiencies and more robust protection of data.

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- Traditionally, these services have been deployed by purchasing large disk storage, servers and networking components. Each component would usually represent a separate procurement. Individual components are also more complex to implement and maintain and don't allow for extending capacity without risks.

- Introducing hyperconvergence technology will enable the use of our existing hardware whilst benefiting from the addition of cloud-based services (*external servers e.g. Microsoft Azure and O365*) as and when a 'ramp-up' in demand or specialist data requirements is received.

4. **Rationale for Procurement**

The infrastructure that hosts a number of our core IT services has reached an age where it needs to be refreshed to maintain a high level of confidence to provide the performance and stability we require. This is backed up by the increasing frequency of hardware faults, particularly with hard disk failures. In addition to this some of the services that are hosted on this infrastructure are reaching a critical capacity point where extra capacity is needed. Adding to the current infrastructure would be both expensive and a false economy considering its current age.

Due to the justifications above, and favourable pricing available from suppliers during 2020/21, it is proposed that the procurement of the hyperconverged system, and completion of phase 2 of the project, is brought forward a year. Funding is available within the existing IT&D capital budgets and will be reflected in the future refresh of the capital programme.

It is therefore recommended that the phase 2 procurement is added to the Annual Procurement Forward Plan for 2020/21.

5. **Scope of Procurement**

This procurement focuses on the phase 2 purchasing of hardware (servers) to complete the council's move to Hyperconverged Infrastructure.

6. **Technical Benefits**

This procurement will deliver the following technical benefits:

- Remove end of life servers that currently host critical systems therefore reducing risk.
- Remove a £120K annual revenue cost for legacy software licenses and support from 22/23.
- Add capacity and resilience to existing infrastructure, making key services to the business (*e.g. Children's / Adults and Finance*) more available and less susceptible to failure.
- Implement a solution where we can clearly model future demands both from a capacity and cost point of view.
- Provide a fully supported infrastructure for the next 5 years.
- Reduce power and cooling consumption within the council's data centres.

- Reduce complexity of the council's IT infrastructure, making it simpler to manage and free staff to focus on driving the council's Transformation and Agile agenda.
- Ability to add capacity through a mixed provision of hardware servers and cloud hosted 'virtualised' servers.
- Maximised utilisation of the council's data centres IT assets.
- Risk based approach for positioning sensitive organisational data either on hardware or cloud-hosted servers.
- More robust disaster recovery provision, making services highly available across the council's two data centres, reducing risk of downtime and data loss.

CONSULTATION:

7. The proposed procurement has been approved by the IT & Digital Capital and Revenue Governance Board and is due to go to Capital Programme Panel on September 23rd in advance of the cabinet meeting.

8. The Approval to Procure Form has been completed and approved by Anna Kwiatkowska, Head or Procurement, and Leigh Whitehouse, Executive Director of Resources and S151 Officer.

RISK MANAGEMENT AND IMPLICATIONS:

9. Any risks identified will be managed through the procurement process.

10. The procurement process includes approvals before publication and again prior to contract award. Approvers include Finance, Legal, IT&D and Procurement.

Financial and Value for Money Implications

11. The overall estimated value of the contract is £2,000,000. This is affordable within the existing IT&D capital programme for 2020/21 and will be reflected in the future refresh of the capital programme.

12. Further financial and Value for Money implications will be considered in the Procurement Report.

13. No further approval for the contract award is required provided that the outcome is within +/-5% of the budget agreed with Finance when each procurement begins.

14. Where the outcome is not within these budget parameters, this must be reported to and approved by the S151 Officer and Portfolio Holder, as required in table 2.7a of the Procurement and Contracts Standing Orders, in the case of overspend above 5%, or for information in the case of a saving greater than 5% being delivered. In the case of overspend the contract award must be put on hold pending approval.

Section 151 Officer Commentary

15. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook is uncertain. The public health crisis has resulted in increased costs which are not fully funded in the current year. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected from next year onward, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.

16. As such, the Section 151 Officer supports the addition of the procurement of a Hyperconverged System to the Annual Procurement Forward Plan 2020/21 and the commencement of the procurement in October 2020. The capital cost is contained within the existing 2020/21 IT&D capital budget. The revenue efficiencies, arising from the removal of the annual revenue cost for legacy software licenses and support will be factored into the Medium-Term Financial Strategy.

Legal Implications – Monitoring Officer

17. Cabinet is being asked to give formal Approval to Procure for this project in accordance with the Council's Procurement and Contract Standing Orders. In making this decision, Cabinet should be cognisant of its fiduciary duty to Surrey residents to ensure services are provided effectively while also maintaining a balanced budget.

18. Notwithstanding Cabinet giving Approval to Procure, officers will have to ensure that the Public Contracts Regulations 2015 are complied with in relation to any procurements undertaken. Furthermore, commissioners will need to be aware of the 'best value duty' under Section 3 of the Local Government Act 1999 and its requirements on them. It states that the Council "…must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness."

19. The procurement is expected to be carried out using a compliant public sector framework and will be subject to the framework terms and conditions.

20. Where required Legal Services will provide support for reviewing the framework, drafting the contract and sealing the contract.

Equalities and Diversity

21. An EIA is not required. The procurement is for hardware for the Data Centre and will enable the Council to function but does not have any direct impact on residents and staff with different protected characteristics.

Environmental sustainability implications

22. The hardware being procured will be more energy efficient than the current infrastructure equipment.

23. The timetable for implementation is as follows:

Action	Date
Cabinet decision to add the procurement to the Annual Procurement Forward Plan 2020/21	29 September 2020
Procurement Planning	October 2020
Framework mini competition	October/November 2020
Contract Signature	November 2020
Contract Commencement Date	November 2020

Contact Officer:

Nathaniel Burrows, Procurement Partner (IT&D and Corporate)

Contact Number: 07703 453452

Consulted:

Matt Scott,	Chief Digital Information Officer
Andy Grogan,	Head of Enterprise and Technology
Anna Kwiatkowska,	Head of Procurement
Nikki O'Connor,	Strategic Finance Business Partner

Sources/background papers:

None

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