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| <b>DIRECTOR OF FINANCE</b>  | <b>DATE</b><br>7 June 2024  |
| <b>TITLE</b><br>Award of contract for Optimising our Physical Data Centre (IMDC) Lot 2 -Compute (Hardware) to Softcat plc (02174990)                    | <b>WARD (S)</b><br>All  |
| <b>CHIEF OFFICER</b><br>Director of Finance   | <b>CABINET MEMBER</b><br>Finance, Resources and Social Value  |
| <b>DECISION CLASSIFICATION</b><br>Key decision – placed on forward plan 15/12/2023.<br>Subject to call-in<br>Non-exempt report<br>Non-exempt Appendix A | <b>IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS MEETING?</b><br><br>Yes |

I. **Decision required.**

This report makes the following recommendations to the decision-maker:

- I.1 To approve the award of contract to Softcat plc (02174990) for the supply of Compute (Hardware) for our on-premises data hosting in accordance with CSO 16 and 28.3. The project is Lot 2 of the “Optimising our Physical Data Centre” project.
- I.2 To note the preferred provider was selected following the completion of a mini tender utilising the Health Trust Europe (HTE) ICT Solutions 3 digital technology framework agreement. The procurement was published via the Proactis portal to ensure compliance with the PCR 2015 buying procedures for contracts.
- I.3 To note that the total cost will be £807,800.00 for a 7-years contract term from 1 May 2024 and includes an initial 5 years plus an option to extend for for 2 years in 12 monthly increments.

Signed.....

Date:

Damon Cook, Director of Finance

## 2. **Reasons for Urgency**

- 2.1 The current contract for the maintenance cost is due to expire at the beginning of July 2024 at the cost of £81,000PA and the next quarter for the current hosting contract at £27,000.00 will also be due at the same time. By re-procuring these services through a framework, we were able to select a M.E.A.T provider that will provide better value for the council.

## 3. **Links to our Greenwich missions**

- 3.1 This report relates to the Council's agreed missions as follows:  
In line with our commitment of being carbon neutral by 2030 with this award by RBG will be reducing our carbon footprint by reducing our hardware rack count from 5 to 1 thereby reducing the amount of power required to host the equipment.

Our Council works in the most efficient and effective ways possible this is part of RBGs transition to greater use of Cloud services and reducing our reliance on traditional data centres, thus allowing staff and residents greater access to our systems and services.

- 3.2 Newer Compute (Hardware) is pivotal to the realisation of the Council's missions because it is the basis for our on-premises IT and digital capabilities which support all staff in contributing to those objectives.  
Key examples of services that are hosted on-premises include:

- AppV which deploys applications to desktop machines.
- Corporate shared drives, holds data for day-to-day business operations.
- M-Drives for Applications for Planning, Elections and Impulse systems
- DRS Housing system
- Housing V6
- TRIM
- Pension system

## 4. **Purpose of Report and Executive Summary**

- 4.1 This report seeks approval for award of a contract to Softcat Plc for the provision of Compute (Hardware) as part of the programme of works to improve our data hosting infrastructure.

4.2 To note that the preferred supplier 'Softcat' was selected through a competitive process and has been identified as best-fit for the Council's requirements based on cost, quality, and social value.

## 5. **Introduction and Background**

5.1 RBG are undertaking a programme of works to lessen our on-premises data hosting by moving applications to the Cloud, allowing us to delete data that is no longer relevant or in use. This project is to look at reducing our on-premises data centre footprint for applications that cannot be hosted in the Cloud and replace our hardware, which is reaching end of life and needs to be replaced. New compute will give us benefits of the newest technology available thus saving money on space by condensing data into less equipment, allowing us to reduce the current rack space requirement and using less power.

5.2 The Council's current hardware, which is reaching end of life and needs to be replaced. The current maintenance agreement expires as of 12/07/2024. Replacing the hardware with newer more efficient compute will also ensure that new warranties are received lessening the on-going costs.

5.3 The Council selected the Health Trust Europe (HTE) ICT Solutions 3 digital technology approved framework agreement as the most suitable route to procurement. This framework offers public sector buyers a compliant route to market for technology product needs and all associated services allowing us to take advantage of bespoke build and pricing offers following extensive Soft Market Testing with several trusted suppliers.

5.4 The Invitation to tender pack was sent to the 11 providers on the HTE Framework on 2nd April 2024. 7 Suppliers provided 'No response' and 2 'opted out' We received 2 responses back from suppliers.

- Softcat plc
- Supplier B

5.5 Prospective suppliers had the opportunity to request additional information during the response period and Royal Greenwich responded to all requests for clarifications.

5.6 2 tenders were received in the given response period which closed on 15<sup>th</sup> April 2024. The tenders were evaluated on both quality (incl. social value) and cost, weighted at 60% and 40% respectively.

- 5.7 A copy of the evaluation template has been attached to this report Appendix A outlining the evaluation process – scoring of each provider in accordance with the relevant weightings.
- 5.8 Further to note: regardless of chosen provider, there is the probability of further additional costs for professional services, security licences and switches, which are dependent on the final build decision between RBG, Softcat and Nutanix (system owner), the estimated cost for these over the 5-year contract term is £50,000.00. Additionally, included within the cost of the tender are VMWare licences, the quotes for these licences are only being offered for 7 days by the third-party licence owner. The cost of these will likely increase, the cost increase estimated over the 5-year contract term is £45,000.00. Neither of these potential additions are included within I.3.

## 6. **Available Options**

### 6.1 Option 1 - Do nothing:

If the Council does not award a contract for new compute, the costs to maintain this end-of-life equipment will increase and due to its age, it will eventually fail completely. This would jeopardise the delivery of Council services and incur major reputational and financial damage.

### 6.2 Option 2 - Award of contract for new Compute to Softcat plc.

If the Council awards a call-off contract to the Most Economically Advantageous Tender (M.E.A.T) solution provider, as identified in the framework procurement exercise, the council will benefit from a newer compute solution with warranties which is cheaper to run, easier to maintain and lessens our carbon footprint as it will reduce the amount of hardware needing to be hosted within the Data Centre.

### 6.3 Option 3 – Not Award the Contract

This is not a viable option as the procurement was done via a competitive process in compliance with the procurement regulations and principles. By not awarding contract to the preferred supplier will create a reputational risk to the Council.

## 7. **Preferred Option**

- 7.1 The preferred option is - Award the call-off contract for new compute to, Softcat plc, as identified in the framework procurement exercise.
- 7.2 The on-premises hosted application services in use within the Council will continue to operate and Softcat plc will support Royal Borough of Greenwich over the contract term to rationalise and improve upon its technology offering.

## 8. **Reasons for Recommendations**

- 8.1 Of the 2 tenders received in response to the framework procurement exercise, Softcat plc tender scored highest on the evaluation criteria (cost and quality) and Softcat plc is therefore recognised as the best-fit Hardware/Compute Solution Provider for the Council's requirements.
- 8.2 A summary of the tender scoring is included in the table below:

|   | Softcat plc | Supplier B |
|---|-------------|------------|
| Commercial                                  |             |            |
| Price (out of 40%)                          | 40%         | 26.24%     |
| Quality (including Social Value out of 60%) | 52.85%      | 46.1%      |
| Total Score                                 | 92.85%      | 72.34%     |

Please see Appendix A for full evaluation scores.

## 9. **Consultation Results**

- 9.1 No consultation has been undertaken.

## 10. **Next Steps: Communication and Implementation of the Decision**

- 10.1 Once agreed the contract will be implemented with Softcat plc using a contract document.
- 10.2 When the contract enters its final year, a full review will be undertaken.

11. **Cross-Cutting Issues and Implications**

| Issue  | Implications   | Sign-off  |
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| <p><b>Legal</b> including Human Rights Act</p> | <p><i>The Director of Finance is requested to award of a contract to Softcat plc (02174990) for the supply of Compute (Hardware) utilising the Health Trust Europe (HTE) ICT Solutions 3 digital technology framework.</i></p> <p><i>To note that the total cost will be £807,800.00 for a 7-year contract term from 1 May 2024.</i></p> <p><b>Compliance with Contract Standing Orders (CSOs) and Public Contract Regulations 2015 (PCRs)</b></p> <p><i>CSO 3.1 state that every contract made by or on behalf of the Council must comply with National Law, these Standing Orders and the Council’s Financial Regulations.</i></p> <p><i>This contract is subject to the PCR’s and the Council have procured these services via the Health Trust Europe (HTE) ICT Solutions 3 digital technology framework pursuant to CSO 16. The contracting authority for the framework will be Mid and South Essex NHS Foundation Trust. Healthtrust Europe is a group purchasing organisation which facilitates the procurement process on behalf of its customers.</i></p> <p><i>The Chief Officer is authorised to award this contract under CSO 28.3 as Softcat pls returned a tender with the lowest price.</i></p> <p><b>Best Value</b></p> <p><i>Under the Local Government Act 1999 the Council is required to achieve best value in the exercise of its functions. In reaching a decision, the Chief Officer must take into</i></p> | <p>Mohammed Patel, Contracts and Procurement Lawyer</p> <p>20/05/2024</p> |

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|  | <p><i>account the reasons for the award of this contract as set out in the body of Report and the Council's fiduciary duty to achieve Best Value.</i></p> <p><b>Human Rights</b><br/> <i>Under the Human Rights Act 1998 local authorities have a duty to promote and protect human rights. The award of this contract does not have legal implications under the Human Rights Act 1998.</i></p> <p><b>Consult with Legal</b><br/> <i>The report author should consult with legal in relation to the drafting and execution of this framework and call-off contract.</i></p>  |  |
| <p><b>Finance</b> and other resources including procurement implications</p> | <p>This report seeks approval for award of a contract to Softcat Plc for the provision of Compute (Hardware), in accordance with CSO 16 and 28.3, for the programme of works to improve the Council's data hosting infrastructure.</p> <p>The Council's current hardware, which is reaching end of life and needs to be replaced. The current maintenance agreement expires as of 12/07/2024. In a framework procurement exercise, Softcat were identified as the Most Economically Advantageous Tender (M.E.A.T) solution provider.</p> <p>The total cost will be £807,800.00 for a 7-year contract term from 1 May 2024. This includes an initial 5 years plus an option to extend for 2 years in 12 monthly increments. Funding for this has been identified within the Digital Services budget.</p> | <p>Margaret Barrow</p> <p>16/05/24</p> |

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|  | <p>In addition to the contractual value, it is anticipated that there could be costs of up to £50,000pa over the contract term for professional services, security licences and switches, which are dependent on the final build decision between RBG, Softcat and Nutanix (system owner). These would occur regardless of the chosen provider. The cost of VMWare licences included in the contract value could also increase to £45,000 over the contract term. It is anticipated that both these additional costs will be absorbed within the current Digital budget envelope however costs will continue to be closely monitored to ensure this is achievable.</p> |   |
| <b>Equalities</b>                            | <p>The decisions recommended through this paper have remote or low relevance to the substance of the Equality Act. There is no equality impact on end users.</p> <p>There is no contribution from this report to the Council's Equality and Equity Charter and the Council's Equality Objectives 2022-2024.</p>  | <p>Susan Wright,<br/>Senior Project<br/>Manager<br/>23.04. 2024.</p>  |
| <b>Climate Change</b>                        | <p>This report contributes to the Carbon Neutral plan agreed by Cabinet on 18<sup>th</sup> November 2020</p>   | <p>Susan Wright,<br/>Senior Project<br/>Manager<br/>23.04.2024</p>  |
| <b>Digital</b>                               | <p>This report has been written by the digital team with the agreement of the Assistant Director</p>   | <p>Kit<br/>Collingwood,<br/>Assistant<br/>Director, Digital<br/>and Customer<br/>Services<br/>23.04.2024.</p> |
| <b>Procurement and Social Value Comments</b> | <p>This procurement was completed via a mini tender utilising the HTE HTE) ICT Solutions 3 digital technology framework and the preferred provider was selected using the M.E.A.T criteria.</p>  | <p>Shola Oke<br/>Senior Strategic<br/>Procurement<br/>Business<br/>Partner for</p>                            |



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|  | <p>Procurement endorses the recommendation to award contract to Softcat Plc the preferred provider with the option to extend for a further 2 years if required.</p> <p><u>Social Value:</u><br/>Social value was completed as part of this procurement exercise and the provider will be monitored to ensure that the objectives are met.</p> | <p>Children's Services, Digital &amp; Finance<br/>24.04.24</p> |
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## 11. **Report Appendices**

11.1 The following documents are to be published with and form part of the report:

- Appendix A: Supplier Responses

## 12. **Background Papers**

N/A

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