

**Wards Affected:**

**All Wards**

**ITEM 6**

**PROCUREMENT AND COMMISSIONING**

**4 APRIL 2017**

**INVITATION TO TENDER - REPLACEMENT OF AIX HARDWARE (REF: CU2585)**

Responsible Cabinet Member: Councillor Middleton (Resources and Innovation)  
Report Sponsor: Nicole Jones (Corporate Director Resources)  
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**Executive Summary:**

This report is seeking approval to tender with delegated award to the Corporate Director, Resources (Nicole Jones) for replacement of the AIX Hardware.

AIX is specialist hardware to support the business critical Systems used by Revenue and Benefits and Housing. The current installation is out of manufacturers support and has reached the end of its economic life.

The report briefly describes the options investigated and makes recommendation to tender using the Crown Commercial Services framework agreements.

**1. Recommendation(s)**

- 1.1 That the commencement of a mini-competition under Crown Commercial Services RM3733 Technology Products 2 (TP2) Lot 1 – Hardware Framework to replace the existing AIX (UNIX) hardware be approved.
- 1.2 That authority be delegated to the Corporate Director Resources to award the contract to the tenderer who has scored the highest in accordance with the Most Economically Advantageous Tender evaluation.

**2. Background**

- 2.1 Milton Keynes Council AIX (UNIX) server infrastructure, installed in 2010, is at end of its economic life and no longer has manufacturer support and needs to be refreshed.
- 2.2 The infrastructure supports Revenue and Benefits and Housing business systems. Both of these business areas are essential frontline services supporting citizens and gathering revenue.
- 2.3 The Council has entered a Partnership with LGSS which proposed the migration of the Council's computer applications and associated data storage to LGSS Data Centres; providing a live data centre with a backup data centre.

## 2.4 Specification

- (a) The procurement seeks to provide:
- (i) A flexible and resilient server infrastructure supporting the Council's business needs
  - (ii) A managed and Public Sector Network (PSN) compliant estate – Revenue and Benefits Systems need to gather information from Government bodies and such communications are required to be confidential and secure – without PSN accreditations we would not be able to exchange essential data with those Government departments.
- (b) Public Services (Social Value) Act 2012 - officers have considered whether this procurement can deliver any element of Social Value and have decided that this procurement can be verified for Social Value and have included this within the MEAT criteria.

## 2.5 Evaluation Criteria and Panel

- (a) The MEAT evaluation of the tender includes the following tender specific requirements, which are listed below:

Area*	Evaluation Area	Weighting (%)
1	Tender Price (Whole Life Cost, cost effectiveness, price, running costs)	80%
2	Quality criteria – I which bidders will be tested on technical and support service capabilities	15%
3	Social Value – ability to demonstrate that the tenderer delivers social value	5%

- (b) Tenders submitted will be evaluated by a panel comprising of business area representatives, technical officers and service managers. Colleagues within Finance and Legal and Corporate Procurement will be engaged to support the tender process

## 2.6 Contract Terms and Conditions

- (a) Tenders will be sought for a contract period starting on 1 July 2017 and ending on 30 June 2020
- (b) The Framework terms and conditions of contract will be used: Framework reference RM3733 Technology Products 2 (TP2) Lot 1 - Hardware

## 2.7 Project Management

- (a) The Council's Project Manager for the procurement and deployment is ICT Programme Manager – Data Hosting
- (b) The Council's Senior Client Officer for the procurement and for the management of the contract is Contracts and Compliance manager, ICT and Print
- (c) The procurement and subsequent implementation will be managed using the council's 'MK Approach' methodology

## 3. Alternative Options

### 3.1 The following options appraisal has been conducted:

- (a) Do nothing – discounted as Computer Halls in Civic Offices and Saxon Court are closing.
- (b) Lift and Shift existing hardware to LGSS Data Centres – Discounted as the environment has reached the end of its economic life.
  - The hardware is at end of its economic and no longer has manufacturer support
- (c) Tender to procure Application Servers and Storage using Crown Commercial Services RM3733 Technology Products 2 (TP2) Lot 1 - Hardware – Viable but not the most cost effective option.
  - 3 years maintenance and support included
  - Procures additional Storage when storage available in LGSS Data Centres
  - Provides an ability to test with no loss of service prior to full migration
  - Migrations managed in time suitable for business needs
  - Provides a failover site for Disaster Recovery

Estimated 3 year cost £255,500 Raw Risk level 10 residual risk level 5
- (d) Tender to procure Application Servers using Crown Commercial Services RM3733 Technology Products 2 (TP2) Lot 1 - Hardware – (utilising the existing Storage Area Network) - Preferred option
  - Smaller 'footprint' in data centres
  - 3 years maintenance and support included
  - Uses available Storage capacity at LGSS Data Centres
  - Provides an ability to test with no loss of service prior to full migration

- Provides a failover site for Disaster Recovery
- Migrations managed in time suitable for business needs

Estimated 3 year cost £171,000 Raw Risk level 10 residual risk level 5

(e) Tender to procure Application Servers using OJEU Open/Restricted Tender process– (utilising the existing Storage Area Network) - Discounted as use of Crown Commercial Services is more efficient

- OJEU Open/Restricted Tender process is unlikely to deliver better value than using a framework. Framework has 30 suppliers which have been selected by CCS through a procurement process. Mini-competition under the framework will be more efficient.

(f) Rent hardware and storage from an external Company – viable but time required to deliver and costs prohibitive

- Hardware managed and supported as part of contract
- Would require additional spend to extend the MKC Wide Area Network
- Disaster Recovery included

Estimated 3 year cost £433,000 Raw Risk level 10 residual risk level 5

#### 4. **Implications**

##### 4.1 Policy

The preferred option supports the Council's values providing an IT infrastructure that enables, through agile working, the core values of a cooperative borough.

##### 4.2 Resources and Risk

The estimated cost of this contract (£171,000) is met from within the Capital Programme as part of the Data Hosting Project (£3,556,919).

The Risk Assessment for this contract is available if requested or directly via Members access to GRACE. In summary:

- (a) The key opportunity secured by this contract is a flexible, resilient and manageable server environment. It is assessed that the delivery of this contract provides a high likelihood that will secure the opportunity defined providing the Council with a high positive impact.

(b) The Key Threats for this contract have been assessed as:

<b>Risk</b>	<b>Likelihood</b>	<b>Mitigation</b>	<b>Impact after mitigation</b>
<b>Poor Supplier Selection</b> The selected supplier unable to deliver within required timescales or to required quality standards	Medium	Suppliers under the framework were selected after Rigorous evaluation	<b>Low</b>
<b>Insufficient internal IT resources</b> Lack of IT resource could impact on fully realising the anticipated benefits.	Medium	Project management controls (project plan, project team meetings, risk assessment, issue Management)	<b>Low</b>
<b>Delivery of solution</b> – the assignment of rack space	Low	Communication and Rack design	<b>Low</b>
<b>System Migration</b> unsuccessful migration would impact business needs	Medium	Trial migrations using the Development and Test systems. User Acceptance Testing	<b>Low</b>

The governance measures set out in 2.4 above provide a basis to conclude that these threats, properly managed represent a medium likelihood with a low Impact

Y	Capital	Y	Revenue	Y	Accommodation
Y	IT	Y	Medium Term Plan	Y	Asset Management

#### 4.3 Carbon and Energy Management

This procurement will reduce energy required and contribute in achieving the Carbon Savings previously described in CU2544 Renewal of VDI and Virtual Server Environment Award report.

#### 4.4 Legal

The procurement will utilise an EU compliant Framework. The Council can buy from the Framework in question Crown Commercial Services (CCS) RM3733 Technology Products 2 (TP2) Lot 1 Hardware.

Crown Commercial Services (CCS) RM3733 Technology Products 2 (TP2) Lot 1 Hardware: The Council has to comply with the terms of the chosen framework in order to be compliant with the procurement legislation.

This procurement is subject to the Public Contracts Regulations 2015 (PCR).

The Council wishes to procure this service through the Crown Commercial Services framework agreement RM3733 Technology Products 2 (TP2) Lot 1 Hardware. This framework is PCR compliant and the Council as a local authority is a contracting authority listed as able to procure goods and services through this framework.

A call –off contract will be entered into in the form prescribed by the framework agreement between the Council and the successful bidder following the mini-competition.

#### 4.5 Other Implications

The Council network forms part of E-Government and this solution fully supports that aim.

N	Equalities/Diversity	N	Sustainability	N	Human Rights
Y	E-Government	Y	Stakeholders	N	Crime and Disorder

Background Papers:           Data Hosting – A paper on results of investigations into options available for replacement of AIX (UNIX) Hardware