

Date signed off by the Monitoring Officer: 11.11.20
Date signed off by the Section 151 Officer: 6.11.20

Committee: **Full Council**

Date of Meeting: **26th November, 2020**

Report Subject: **Data Centre Business Case**

Portfolio Holder: **Councillor N. Daniels - Leader of the Council / Executive Member Corporate Services**

Report Submitted by: **Rhian Hayden, Chief Officer Resources**

Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair *	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	22/10/20	06/11/20					26/11/20	

1. Purpose of the Report

1.1 The purpose of the report is:-

- i. To present the Business Case for the relocation of the SRS Data Centre at Blaenavon and to Next Generation Data (NGD),
- ii. To agree the transfer of Blaenau Gwent's Data (currently housed at the Computer Room in the Civic Centre and the Data Centre at Blaenavon) to NGD, and
- iii. To agree the Blaenau Gwent element of the capital and revenue investment required to progress the project.

2. Scope and Background

2.1 Data Centre, Blaenavon

The physical data centre at Blaenavon has been an asset for the SRS and partners for the last 10 years, however increasing costs and the progression of moves to 'the cloud' has reduced the requirement for the current level of provision. The Data Centre at Blaenavon is also assessed as a very high risk for all SRS partners as a result of failures to the air conditioning units.

2.2 In addition, technology, has advanced in the last ten years and other providers can provide these services over public infrastructure more securely at a lower cost.

2.3 Computer Room, Ebbw Vale

The Council's current Server infrastructure within the Computer Room at Ebbw Vale is also considered a very high risk due to building concerns and age of the equipment (coming to the end of its useful life) and will require investment to improve the resilience of the provision into the future.

- 2.4 Furthermore, the Council is currently considering the future of the Civic Centre which may result in alternative location(s) needing to be considered to house the IT infrastructure supporting all Blaenau Gwent services.
- 2.5 Blaenau Gwent's original business case to join the SRS partnership included a requirement that the Council's IT Server infrastructure move to the Data Centre at Blaenavon. However to date only a small element of the Council's servers are housed at Blaenavon, the majority continue to be housed in the Computer Room at the Civic Centre, Ebbw Vale.
- 2.6 The Business Case recommends that all partners move to the alternate Data Centre with Blaenau Gwent (and Newport) not taking the interim step of moving to Blaenavon first.
- 2.7 The report and attached business case identifies the opportunities for SRS partners in moving from the current Data Centre at Blaenavon to an alternate provider Next Generation Data (NGD) Newport.

3. **Options for Recommendation**

- 3.1 *To include Recommendation(s) / Endorsement by other groups, e.g. CLT/Committees/Other groups)*

It is recommended that CLT / Members consider:

- i. the business case for the Data Centre move to NGD Newport
- ii. the situation with the Server infrastructure at Civic Centre, and agree the preferred option:

3.2 **Option 1 – Business as Usual**

Under this option, the server infrastructure at the Civic Centre will remain as will the Data Centre at Blaenavon.

- 3.3 This option is not recommended given the high risk of failure at both the Civic Centre and the Data Centre, Blaenavon, and the increasing cost of provision at Blaenavon.

3.4 **Option 2 – Replace all Environmental Facilities at Data Centre (Do Minimum)**

Option 2 will secure the operations at the Data Centre at Blaenavon but will not mitigate the risk of failure at the Civic Centre.

- 3.5 Under this option to mitigate the Civic Centre risk it is proposed that the services provided from the Civic Centre be moved to Blaenavon as per the original SRS partnership agreement.

3.6 **Option 3: Reduce to a single hall in Blaenavon**

Replace all environment facilities within a single SRS Data Hall in Blaenavon and move the existing services in Ebbw Vale (and Newport) to Blaenavon. The option will require similar work to shift to an alternative location, i.e. services would need to be moved across halls rather than locations

3.7 This option will mitigate the risk of failure at the Civic Centre and rationalise delivery of service from the Data Centre. The estimated costs however remain higher than that offered by an alternate provision.

3.8 **Option 4 – Alternate Provision (preferred Option)**
Data Centre Move (including the move of existing services from the Civic Centre) and associated investment required (capital & revenue).
This option will enhance the resilience of the Council's server infrastructure and mitigate the risk of operational failure. It provides an alternative location for IT services housed at the Civic Centre and will minimise the costs of future provision.

3.9 The SRS Strategic Board and the Finance & Governance Board have considered the business case and Option 4 – Alternate Provision is recommended. The other options were considered too high a cost.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

The topic supports the achievement of the Corporate Plan Priorities specifically:

- Protect and enhance our environment and infrastructure to benefit our communities, and
- An ambitious and innovative council delivering the quality services we know matter to our communities

This will be achieved by developing an excellent digital infrastructure that supports the needs of services and the whole community. The preferred option will also contribute to the aspiration of being a carbon neutral Council by 2030.

The Council will work effectively with partners delivering financial, business and community benefits.

5. **Implications Against Each Option)**

5.1 *Impact on Budget*

5.1.1 **Option 1: Business as Usual**

The estimated revenue costs (split across all partners) of operating the Data Centre is £1.1m per annum increasing to £1.3m following termination of the contract with an external user of the Data Centre.

5.1.2 Under this option, required replacement of failing equipment will be undertaken on an 'as and when' basis. Capital investment will be required to a level equivalent to Option 2 however this will be reactive rather than planned work.

5.1.3 **Option 2: Replace all Environmental Facilities at Data Centre (Do Minimum)**

The estimated revenue costs (split across all partners) of operating the Data Centre is £1.1m per annum increasing to £1.3m following termination of the contract with an external user of the Data Centre.

5.1.4 Capital investment of £4.8m will also be required to future proof the Data Centre.

5.1.5 **Option 3: Reduce to a single hall in Blaenavon**

The estimated annual revenue cost of operating one data hall at Blaenavon is £719,857.

5.1.6 Capital investment of £2.87m will also be required plus decommissioning costs of £457,700 totalling £3.3m.

5.1.7 **Option 4: Alternate Provision (preferred Option)**

Agree the Data Centre Move (including the move of existing services from the Civic Centre) and associated investment required (capital & revenue).

This option results in an annual revenue cost for the four Local Authorities of £550,239 and the OPCC of £266,946 totalling £817,185.

5.1.8 There would be an initial capital investment of £1,442,690 for the four Local Authorities and the OPCC of £810,481 totalling £2,253,171 plus decommissioning costs of £610,000.

5.1.9 Table 1 below summarises the financial implications of the 4 options:

Table1: Summary of Financial Implications

	<u>Option 1 & 2</u>	<u>Option 3</u>	<u>Option 4</u>
	£'000	£'000	£'000
Annual Revenue Costs	1,323	720	817
Initial Capital Investment	4,823	3,329	2,863

5.1.10 **Impact upon Blaenau Gwent: Revenue**

For the preferred option (Option 4), table 2 below highlights the revenue financial implications for Blaenau Gwent County Borough Council for the first 5 years:

Table 2: Financial Implications for Blaenau Gwent CBC

	<u>Year 1</u> <u>2021-22</u>	<u>Year 2</u> <u>2022-23</u>	<u>Year 3</u> <u>2023-24</u>	<u>Year 4</u> <u>2024-25</u>	<u>Year 5</u> <u>2025-26</u>
Shared Costs	27,701	28,255	28,820	54,017	55,097
Rack Rental	0	0	0	16,439	16,948
Energy for Racks	0	0	0	22,329	24,562
New Maintenance Contracts	25,750	25,750	25,750	25,750	25,750
Total Cost	53,451	54,005	54,570	118,535	122,357
Funded By:					
Funding in MTFP	(27,701)	(28,255)	(28,820)	(29,397)	(29,984)
Closure of Building	0	0	0	(16,000)	(16,320)
Contract & PSBA savings	(14,996)	(15,296)	(15,602)	(15,914)	(16,232)
Additional Funding required	(10,754)	(10,454)	(10,148)	(57,224)	(59,821)
Total Funding	(53,451)	(54,005)	(54,570)	(118,535)	(122,357)

- 5.1.11 Table 2 highlights additional revenue funding required of between £10,000 and £11,000 in years 1 to 3 which increases to £57,224 then £59,821 in the subsequent two years.

If agreed, these additional costs will be built into the Council's MTFS.

5.1.12 Capital

The business case identifies that there are significant capital investment requirements necessary for each of the options identified.

- 5.1.13 For the preferred option (Option 4 – Alternative Provision) Blaenau Gwent's initial capital investment is **£361,000**.

The Council agreed capital funding of £240,000 in October 2019 for Electrical & IT Works at the Civic Centre. There is currently £209,000 remaining within that allocation it is proposed that this allocation be repurposed and supplemented by £152,000 from the capital contingency to fund the initial investment requirements.

- 5.1.14 To ensure the sustainability of this core infrastructure it is further proposed that a capital allocation of **£61,000 per annum** is built into the Council's Capital Programme moving forward to allow for necessary equipment replacement.

5.2 *Risk*

5.2.1 **Option 1 – Business as Usual**

The is a high risk of ICT equipment failure at both the data halls in Blaenavon and the Computer Room in Ebbw Vale.

This risk is being partly mitigated by having maintenance contracts in place. The risk is only mitigated fully by replacing the equipment which requires a significant investment.

5.2.2 **Option 2 – Replace all Environmental Facilities at Data Centre (Do Minimum)**

The Data Centre is significantly underutilised and is not value for money. The main risk relates to the opportunity costs and missed benefits by continuing with a service provision which is more costly than alternatives.

5.2.3 **Option 3: Reduce to a single hall in Blaenavon**

This option would leave the partner services in a single hall in Blaenavon, the hall but will require similar work to a shift to an alternative location, i.e. services would need to be moved across halls rather than locations.

5.2.4 Whilst this option results in lower annual running costs, significant capital investment will still be required to bring the provision to a supported position.

5.2.5 The main risk with this option is that as services move to cloud services, and physical requirements reduce there would not be an ability to reduce the future running costs. The cost of a hall is the same whether it houses 35 racks or 10 racks.

5.2.6 **Option 4 – Alternate Provision (preferred Option)**
Data Centre Move (including the move of existing services from the Civic Centre) and associated investment required (capital & revenue).
The upheaval around transition time from SRS Blaenavon to an alternative location will create issues around availability and performance for a short period

5.2.7 Operating costs at an alternative location could increase over time, to mitigate this risk comprehensive procurement arrangements will be in place.

5.3 *Legal*

Formal contractual arrangements between the SRS, Partners & NGD will need to be agreed.

5.4 *Human Resources*

There will be no direct human resources issues however system performance may be affected during the transition period.

6. **Supporting Evidence**

6.1 *Performance Information and Data*

n/a

6.2 *Expected outcome for the public*

Digital services underpin the Council's delivery of services to Blaenau Gwent residents and businesses. Resilient and secure IT infrastructure is critical to ensure the Council's services can continue to operate effectively.

6.3 *Involvement (consultation, engagement, participation)*

The SRS Strategic Board and the Finance & Governance Board have been consulted on the proposals and recommend the Council agrees Option 4 – Alternate Provision.

6.4 *Thinking for the Long term (forward planning)*

The business case proposes capital investment in shared IT infrastructure both initially and in future to ensure IT services are resilient. In the longer term the preferred option allows for the scaling down of physical infrastructure (and subsequent reduction in costs) as services move to the cloud.

An added benefit of the NGD proposal is that the facility is carbon neutral and will therefore reduce the Council's carbon footprint.

6.5 *Preventative focus*

The proposals in the business case minimises the risk of equipment failure and ensures the security of the Council's data.

6.6 *Collaboration / partnership working*

The SRS is a partnership between the 4 Gwent local authorities (Blaenau Gwent, Monmouthshire, Newport & Torfaen) and Gwent Police.

6.7 *Integration(across service areas)*

All Council services rely on access to IT infrastructure to operate their services.

6.8 *EqlA (screening and identifying if full impact assessment is needed)*

n/a

7. **Monitoring Arrangements**

7.1 *State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements*

Contract / performance management arrangements will be in place to monitor the outcomes from the agreed option.

Background Documents /Electronic Links

- *Data Centre Business Case – Appendix 1*