

Subject: The procurement of ICT Data Centre provision
Date of Meeting: 20th March 2014
Report of: Executive Director, Finance & Resources
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Ward(s) affected: All

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The council's services are dependent on reliable, available ICT. The council's computer rooms house the servers, data storage, network and telephony equipment on which all of the council's ICT systems and services depend. Those computer rooms are no longer fit for purpose and a modern data centre service is required.
- 1.2 An options appraisal has been undertaken to determine what sort of data centre service is required in the future and how it can best be provided. This is a complex decision and technical specialists have been used to provide the council with expert advice alongside input from partners in the South East 7 group of local authorities.
- 1.3 The report sets out the findings from the options appraisal and recommends a procurement approach designed to ensure that the council's requirements for a cost effective, flexible and resilient data centre service can be met.

2. RECOMMENDATIONS:

That the Policy & Resources Committee:

- 2.1 Note the findings of the options appraisal of the council's future needs for data centre services as set out in paragraph 3.6.
- 2.2 Authorises the procurement of a contract for off-site data centre provision, with a contract term of up to 5 years with an option to extend for a further 2 year period
- 2.3 Grant delegated authority to the Executive Director Finance and Resources to identify and implement the most appropriate method of procurement, in accordance with the council's Contract Standing orders, to award the contract and, subject to satisfactory performance of the contractor, to exercise the option to extend the contract for a further 2-year period.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The ICT Strategy 2011-16 was approved by Cabinet on 13 October 2011 and the ICT Investment Plan was approved by Policy & Resources Committee on 21 March 2013. These clearly set out the needs for a new approach to data centre services and the council's capital programme includes funding earmarked for this investment.
- 3.2 As the council's reduces its reliance on paper, so it increases its reliance on digital records. The data stored electronically is becoming more varied and is hungrier for storage space – for example voice and video records and telecare sensors. Services need to store and access those records quickly and easily and there is a growing need as well as expectation for this to be 24 hours a day, 7 days a week. Closer partnership working, particularly integration across health and social care further increases the demands for ICT provision to operate effectively across agencies.
- 3.3 While we know that there will be major changes over the coming years to what the council does and how it does it, there are challenges in defining this in detail. This places substantial but unknown demands on ICT and means that we need to plan for it to be accessed more like a utility service as for example water or electricity – always available and able to vary our demand for it quickly and easily.
- 3.4 The council's ICT equipment is currently housed in a number of computer rooms spread across the following sites: Brighton Town Hall, Hove Town Hall, Kings House and Bartholomew House. These rooms were selected and fitted out in the 1980s. There has been limited investment and there are significant issues with all of the rooms, ranging from flood risk, water ingress, inadequate power supply, network delivery and distribution, cooling, generator back-ups and fire suppression. The rooms are aged in terms of environmental conditions, with by modern standards, poorly designed cooling and power which produce higher levels of carbon emissions. These issues pose a significant risk to the availability of all ICT services for the council. There is a real risk that ICT service could be disrupted or fail. This will have serious consequences for the council's ability to continue to deliver its services.
- 3.5 Independent assessment of the main computer rooms has identified that there are significant structural and design issues that would prevent their redevelopment as fit for purpose data centre environments. The proposed disposal of Kings House and the major redevelopment of Hove Town Hall frames the timelines for replacing the computer rooms which were already necessary and urgent. The building work due to start work on-site in Hove Town Hall in January 2015, creates increased risk to the equipment housed there through vibration, dust, power and network interruption.
- 3.6 The options appraisal set out in Appendix 1 has ruled out redevelopment of the computer rooms and the council building its own purpose built data centre. The decision making in the options appraisal is dependent on the council's risk appetite and its assessment of how the need for and market provision of ICT will change over time. It is undoubtedly a difficult judgement but on balance the option appraisal analysis suggests that the best route for the council would be to

co-locate its existing equipment off-site into an already built data centre and then to migrate this over time to a managed hosting service. Managed hosting means the council will be buying a virtual service rather than owning and maintaining physical infrastructure itself.

- 3.7 This means the council needs to find a service provider who is able to offer both co-location and managed hosting services to ensure that we can have a two stage process. Our market research suggests there are at least two viable shared service options with Surrey County Council as a direct service provider and with West Sussex County Council who have a private sector partner. While there are many commercially provided managed hosted services the market is not currently well developed to meet the very stringent requirements of the Cabinet Office's security requirements for accessing Public Services Network (PSN) data. However there are some options available through the government's G-Cloud service.
- 3.8 It is clear that the council needs to undertake a robust procurement exercise that enable shared service and commercial service options to be assessed alongside one another.
- 3.9 The contract will be evaluated against the following criteria:

Weighting	Criteria
20%	Information security and PSN requirements
10%	Environmental impact
10%	Service quality and assurance
5%	Service capacity growth
5%	Risk management
50%	Total cost of ownership

- 3.10 The following table set out the timeline for the procurement and migration of services.

Activity	Date
Finalisation of procurement approach	Mar-14
Issue of tender documents	Apr-14
Tenders returned	Apr-14
Technical & Financial Evaluation	May-14
Site Visits	May-14
Clarification Period	May-14
Contract Award	May-14
Contract Commencement	Jun-14
Pre-Migration Tasks	Jul-14
Migration Tasks	Oct-14
Service Commencement	Jan-15

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The following options have been considered as part of the analysis.
- Remediation work to existing Computer Rooms
 - New Build Data Centre on existing Council premises
 - New Build Data Centre at a new site
 - Shared Service provision from a Public Service partner – Co-location and/or shared service
 - Commercial Service provision – Co-location and/or shared service.
- 4.2 A summary of the options appraisal is set out in Appendix 1.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 There has been no specific community engagement or consultation on this report. However the report includes information on partnership working, in particular with SE7 local authorities.

6. CONCLUSION

- 6.1 Following the assessment of risk to council service without investment the tender of a contracted service is recommended. This will allow the migration of business critical equipment and data to a new location ahead of work on-site at Hove Town Hall in January 2015.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The Capital Investment Programme and General Fund Revenue Budget agreed at Policy and Resources Committee on 14 February 2013 and at Budget Council on 28 February 2013 to support an ICT Investment Plan 2013-16 for capital contributions of £1.0m in 2013/14 and £2.0m pa for 2014/15 and 2015/16 alongside up to £1.0m revenue to support modernisation of ICT across the authority. The ICT Investment Plan 2013-16 included planned investment for data centres and utility computing with an initial estimate of £1.2m. This funding has been factored into the Council's Capital Investment Programme and ICT revenue budget.
- 7.2 The Workstyles Phase 3 programme agreed at Policy and Resources on 12th September 2013 included up to £2.0m investment to support delivery of Citrix, data centre moves, cabling and new ICT equipment for that particular phase of moves. Savings generated from the project would support the ongoing costs associated with that investment. This investment assumed a contribution of £0.1m towards data centres.
- 7.3 The options appraisal included at appendix 1 has been prepared with support from expert external consultants. Option 5 is the preferred option taking into account the risks and benefits appraisal.
- 7.4 Option 5 requires potential capital investment of up to £1.5m. Taking into account the investment identified above a further £0.2m will be identified through a

reprioritisation of the overall allocations of the ICT Investment Plan to ensure this proposal is fully funded.

- 7.5 With all the options detailed within Appendix 1 of the options appraisal there will be additional annual revenue costs associated with the provision of these services whether managed in-house, through a co-location or hosted service. The ongoing full year revenue cost of the preferred option is approximately £0.5m per annum. This will be offset by the reduction of existing energy budgets of approximately £0.075m, existing ICT budgets for maintenance of the existing data centres of approximately £0.170m and management of the service of approximately £0.100m. The remaining resources of £0.150m will be treated as a commitment within the Medium Term Financial Strategy for 2015/16.
- 7.6 Progress on the delivery of the strategy will be monitored through the Targeted Budget Management (TBM) process and will be reported through the TBM reports to Policy and Resources Committee.

Finance Officer Consulted: Rob Allen

Date: 06/03/14

Legal Implications:

- 7.7 The procurement strategy for ICT data centre provision has yet to be finalised, as the market availability of goods and services the council is likely to need is still being assessed. In view of this, the report seeks delegated powers for the Executive Director Finance and Resources to select and implement the most appropriate procurement method, once identified.
- 7.8 If, as expected, the value of the contract exceeds the EU procurement threshold, the council will follow the required procurement procedure, whether the contracts are to be awarded under a framework agreement or under a bespoke specification.

Lawyer Consulted: Oliver Dixon
18/02/14

Name Date:

Equalities Implications:

- 7.9 Service and or customer service impacts will be addressed by relevant services where identified and an Equalities Impact Assessment (EIA) will be considered as appropriate

Sustainability Implications:

- 7.10 The current Council computer rooms are poor by modern standards with respect to power, cooling and energy emissions efficiency. Moving to a purpose built facility sharing service with other providers will maximise the energy efficiency and reduce the environmental impact.

- 7.11 This will also be assessed as an evaluation criteria within the procurement process. It should also be noted that the charging models for co-location and managed hosting provide a direct link between consumption and cost, further encouraging a sustainable approach to service growth.

Any Other Significant Implications:

- 7.12 It is noted that the above report includes mitigation affecting Strategic Risk Register Risk No 18 – Effective use of technology and Risk No 10 – Information Governance Management.

SUPPORTING DOCUMENTATION

Appendices:

1. Summary Options Appraisal

Documents in Members' Rooms

None

Background Documents

1. ICT Strategy 2014 Update