Report of: Business Manager - Business Systems

To: Executive Board

Date: 13 August 2007   **Item No**:

Title of Report: Data Centre relocation & Shared Services

Summary and Recommendations

Purpose of report:
To set out the proposed direction for relocating the Council's central ICT facilities and to seek agreement to formally explore this within the context of a broader shard service arrangement with Cherwell DC.

Key decision: Yes

Portfolio Holder: Councillor Jim Campbell

Scrutiny Responsibility: Finance

Ward(s) affected: All

Report Approved by
Portfolio Holder: Councillor Jim Campbell
Legal: Jeremy Thomas
Finance: Sarah Fogden / Penny Gardner
Strategic Director: Mark Luntley

Policy Framework: None

Recommendation(s):
1. To note the potential need to relocate the Council's core ICT facilities from St Aldate's Chambers, should the proposed redevelopment of SAC proceed.
2. To endorse the exploration of a shared service arrangement with Cherwell District Council, based around a shared Data Centre with the further potential for shared delivery of ICT services.
3. To note that a full options appraisal will be presented to the EB meeting in October, with recommendations for future implementation.

---

1 Background

St Aldate's Chambers is currently being considered for redevelopment. Should this development go ahead either part or all of the building will be demolished; in either case, the area of the building which houses the Council's core ICT facilities will be demolished and as a result, these facilities will have to be relocated.

The Council is also striving to improve its Value For Money and reduce its cost base where possible. Establishing a shared ICT service provides potential for the partners to:

- Reduce their fixed ICT operating costs. In some cases fixed overheads can be moved to a variable model encouraging further action to drive down costs
- Share skills and expertise to reduce costs whilst improving service. In effect make use of redundant capacity through improved economies of scale
- Exploit the shared technology infrastructure to enable shared back-office functions.
- Demonstrate support of central government's directive to implement shared service arrangements
- In a small way, start to fulfil the shared services aspirations declared in the recent Unitary bid

Whilst implementing a shared Data Centre is a relatively complex logistical operation, it is achievable with relatively low risk and minimal operational impact. This is therefore being proposed as the first step to implementing a potentially broader shared services programme. The detail associated with a broader programme has not yet been discussed or agreed; further consultation with staff and authority from the Executive Board would be sought before any other shared service initiatives are implemented.

2 Options appraisal

The options for an alternative Data centre are:

- Construct a replacement facility within a building operated by the City Council
- Hosting and co-location within the Private sector
- Co-location with Oxfordshire County Council
- Co-location with a District Council

The above options have been explored and hosting costs are available for all but sharing with a District Council. A brief overview of these options is included below. This paper recommends formal discussions with Cherwell (the best positioned District partner) to explore the associated opportunities, costs, migration path, and risks.

A full options appraisal will be presented in October 2007 with recommendations for moving forward.

3 Overview of alternative options for housing the Council's core ICT facilities

3.1 Construct a replacement facility within a building operated by the City Council
Options to build a new Data Centre within a building operated by the City Council are limited. Consultants working on behalf of the developers have been unable to identify a suitable alternative location beyond:

- The retained portion of SAC – this is proving to be a less than ideal solution as the building may need to be entirely demolished and there is serious concern with respect to locating and operating the core ICT facility from the middle of a building site.
- Blue Boar Street basement – not a realistic option as the basement is exposed to flood risk.

The Town Hall has also been investigated and dismissed on the grounds of its difficulty in providing the necessary infrastructure services (its listed status) and physical security.

Location of ICT equipment no longer needs to be retained in-house and under direct control of the Council. Over recent years, an entire service industry has grown up around the provision of hosting ICT facilities.

3.2 Hosting and co-location within the Private sector
The private sector offers a spectrum of services from Co-location through fully managed time-sharing services.

Co-location is the simplest of services, where client computers are housed in a shared computer room. Charges are based upon the power and floor space usage.

At the other end of the spectrum, fully managed time-sharing services are where the client buys value added computer time from a service provider, the costs associated with hardware, software and systems management are built into the service charge.

There's an entire range of options in-between.

The Council already engage in an outsourced hosting arrangement with BOCC (Big Oxford Computing Company) in the development and hosting of its Internet site.

3.3 Co-location with Oxfordshire County Council
Oxfordshire CC has recently consolidated their Data Centre facilities into a single new facility based in Clarendon House. This new facility cost C. £0.5m to create, is around 40% populated and has sufficient capacity to accommodate the City Council's equipment.

As the County facility is located in the City and within a few hundred metres of the City's main office locations (SAC, TH, BBS and Ramsay House) cost effective, high-speed data communications can be easily and quickly installed.

From a technical / ICT perspective, this is likely to be the easiest and lowest risk solution.

However, there are two main drawbacks:

- Cost – County have set hosting fees at a level comparable with the lower range available through the Private sector and are considerably higher than our current recharge.
- Potential for shared services beyond ICT – Whilst there are some synergies in back-office operations (Finance, HR, Facilities Management etc) the organisations' core operations are dissimilar; the opportunity for shared operational services are therefore limited.

3.4 Co-location with a District Council

High-level discussions in relation to a shared Data Centre, have been held with ICT managers from each of the Oxfordshire districts. All are keen (in principle) to join a shared facility. Vale has a facility that could be extended with structural alteration and investment to accommodate the City; Cherwell has a facility that could accommodate the City without major investment or structural alteration.

Whilst the City has a need to house its ICT equipment, Cherwell has a need to develop its ICT service, in particular, applications lifecycle management and support.

Mark Luntley and his Cherwell counterpart Julie Evans have engaged in exploratory discussions about a shared ICT service.

Given the high level of commitment from both Districts, their respective complementary ICT needs and resources, and the potential to develop operational shared services beyond the ICT domain, Cherwell would be an ideal district to partner with.

4 Impact upon Staff

Co-locating the Council's Data Centre will not have a detrimental effect its ICT staff, who will continue to manage the ICT assets remotely.

5 Relocation and set-up costs

In principal. the developer has agreed to fund the set-up costs associated with the data centre relocation, although these have not yet been fully established and communicated.

6 Running (recurring) costs

Common to all relocation options, is the need for a high-speed data communications link between the Data Centre and the Network hub. The network hub would most likely be located in the City's Town Hall; the costs of the link are determined by the distance between the network hub and the hosting site and increase with distance.

As noted above, outline hosting costs are available for each of the options except co-location with a District.

High-level discussions with Cherwell have suggested that running costs would be based upon a combination of direct costs (eg energy consumption) and indirect costs (eg overheads associated with floor space, lifecycle management of shared infrastructure – air conditioning, fire protection etc).

7 Other lifecycle costs
Along with the lack of investment in SAC per se, there has been no investment in the City's Data Centre infrastructure for many years. If the SAC redevelopment fails to go ahead, additional investment of C. £50k-100k will be required over the next 3-5 years to renew the core physical infrastructure (power management, Air conditioning etc) within the SAC Data Centre. Relocating the Data Centre would avoid these costs.

8 Recommendations

8.1 To note the potential need to relocate the Council's core ICT facilities from St Aldate's Chambers, should the proposed redevelopment of SAC proceed.

8.2 To endorse the exploration of a shared service arrangement with Cherwell District Council, based around a shared Data Centre with the further potential for shared delivery of ICT services.

8.3 To note that a full options appraisal will be presented to the EB meeting in October, with recommendations for future implementation.

Name and contact details of author:

Rob Sproule
Business Manager - Business Systems

T: 01865 252284
M: 07979 245684
email rsproule@oxford.gov.uk

Background papers:

Unpublished papers
• Data centre relocation briefing to JCC
• Questions from JCC in relation to the briefing paper
• Responses to the JCC questions