

Modernisation of the Epsom Datacentre

Head of Service/Contact:	Judith Doney, Head of Digital and Service Transformation
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	None
Other available papers (not attached):	Report to S&R Committee dated 28 November 2017 Report to S&R Committee dated 27 September 2016

Report summary

This report seeks approval of capital budget for the Modernisation of the Epsom Datacentre. The scheme was due to be considered as part of the 2019/20 Capital Programme, but due to extenuating circumstances, the work needs to commence ahead of the capital budget setting timetable, due to be agreed in February 2019. In order to ensure the best value for the Council, the project implementation needs to be accelerated, and will require a capital sum of £220,000.

Recommendation (s)

To agree to a capital budget of £220,000 for the Modernisation of the Epsom Datacentre project, to be funded by capital receipts.

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 *"Managing our Resources"*: Information and Communication Technology is at the heart of the Council's Corporate Plan, which includes objectives to provide services digitally and deliver efficiency savings. To improve the Council's ICT resilience and capacity, improve the Council's data security and ability to react to cyber-attack, the current infrastructure needs modernising to remove high-risk single points of failure and to enable the Council to adopt new ways of working.

2 Background

- 2.1 As part of an ICT shared service with Elmbridge Borough Council (EBC), a report was taken to Strategy and Resources Committee on 27

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September 2016 detailing concerns with the Council's infrastructure. The proposed solution was a joint arrangement, with Elmbridge and Epsom and Ewell splitting the costs on a 60/40 basis.

- 2.2 The agreed proposal was for Epsom & Ewell's infrastructure equipment to be replaced by equipment located in an Aegis datacentre in Godalming. This would be achieved by a joint five-year contract with EBC. The report outlined the costs to this Council at £202,600 capital and £71,000 revenue over 5 years, as shown in the following table:

Table 1

	Total Budget for EBC & EEBC £	EEBC Budgeted Share £
Capital Costs	506,500	202,600
Revenue Costs over 5 years	177,500	71,000

- 2.3 Costs on the Datacentre subsequently increased by £34,900 on capital (due to additional expenditure for connectivity hardware) and by £87,600 on revenue, which could increase to £272,000 over 5 years if EEBC continued to pay towards the on-going revenue costs. The majority of the increase in revenue costs was in relation to EEBC's share of the annual estimated cost of running the Datacentre of £46,300 per annum, which was not included within the original scheme. The revised costs are shown in the table below:-

Table 2

	Budget £	Actual (Year 1) £	Projected (Years 2 -5) £	Total £
Capital	202,600	£37,500	0	237,500
Revenue (5 years)	71,000	158,600	185,200	343,800

- 2.4 On 2 June 2017, the shared service was terminated early by EBC and at this time, work was undertaken to clarify the exact cost of the datacentre.
- 2.5 A report went to Strategy and Resources Committee on 28 November 2017, which included details of the current situation on the datacentre project following the ending of the shared service arrangements with EBC. This detailed a capital overspend on the project of £32,279 (now revised following additional costs for connectivity to £34,900 in Table 1) and a

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revenues overspend initially identified as £11,352 a year which has increased to £54,560 per annum.

- 2.6 Prior to November 2017 IG Consulting had been commissioned to evaluate the datacentre project. Subsequently Proact IT UK undertook a technical audit of the datacentre. These reviews confirmed the datacentre to be over budget both on capital and revenue with no revenue saving achievable.
- 2.7 The Strategy and Resources Committee agreed that the Chief Executive should commission a more detailed study to identify the options on the most appropriate long-term solution, and to take such action, in consultation with the Chairman and Vice Chairman, as she considered in the best interests of the Council, to ensure that the arrangements for the datacentre were put in place.
- 2.8 Since the original reviews in November 2017 Proact IT UK have been working with the Council to evaluate the current state of our infrastructure in the Epsom datacentre and to advise on the best way to proceed given the Council's current and future plans. In addition, Softcat, the company that supplied and configured the equipment in the Aegis datacentre, has advised on what equipment could be re-utilised at Epsom.
- 2.9 A capital bid was then submitted for consideration as part of the 2019/20 Capital Programme, with 3 options for delivering the datacentre solution.
- 2.10 In September 2018, the Council learnt that Aegis had gone into administration, and that there was limited time to repatriate the EEBC equipment stored at its datacentre in Godalming to avoid risk of seizure of the equipment by the receivers. A report detailing the three options was agreed by the Chief Executive, Chair and Vice Chair of S&R Committee, agreeing to proceed with Option 2.

3 Proposals

- 3.1 Three options for the datacentre solution were suggested by Proact. These were:
 - 3.1.1 **Option 1:** Use the Aegis datacentre as a fail over site.
 - 3.1.2 **Option 2:** In house datacentre re-utilising some equipment from the Aegis datacentre that we already own
 - 3.1.3 **Option 3:** In house datacentre with no re-utilisation of equipment but full future proofing.
- 3.2 Option 2 was recommended and agreed by the Chief Executive, Chair and Vice-Chair of S&R Committee. Since then, negotiations have taken place with Elmbridge and due to the urgency of vacating the Godalming datacentre it was agreed that once separated we could retrieve the equipment that was for the sole use of Epsom & Ewell Borough Council. The equipment has now been moved and is ready for installation.

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3.3 The estimated capital costs for option 2 are set out below:

	Option 2: Reuse limited equipment at EEBC
	£
Server and storage hardware	80,000
Fire suppression/UPS	10,000
Backup hardware	30,000
Capital costs for future proofing	120,000
Connectivity hardware	26,000
Consultancy	54,000
Contingency	20,000
Total Capital Costs	220,000

3.4 A contingency of £20,000 has been included for additional works that may be required to maximise resilience and realise efficiency gains.

4 Financial and Manpower Implications

4.1 The initial capital bid submitted for the 2019/20 programme for £220,000 was considered by the Capital Member Group on 5 September 2018, who requested a full detailed bid be prepared for consideration at their meeting on 8 November 2018.

4.2 At the time the initial capital bid was prepared it was expected that the work on the Epsom datacentre would be completed in 2019/20 due to the need to negotiate with Elmbridge Borough Council on extracting the Epsom equipment. However, with Aegis going into administration Elmbridge needed to move their equipment urgently which gave the opportunity to recover ours.

4.3 At its meeting on 8 November, Capital Member Group was asked to consider the Epsom Datacentre bid for inclusion in the 2018/19 capital programme, due to the acceleration of timescales for implementation. The Group supported this proposal and agreed that it should be taken to S&R Committee on 27 November for approval.

4.4 **Chief Finance Officer's comments:** *The uncommitted balance in the capital receipts reserve at 31 March 2019 is currently projected at £3.401m. Utilising £220,000 to modernise the datacentre would reduce this projected balance to £3.181m. Under the Medium Term Financial Strategy, Council has agreed to maintain a minimum uncommitted balance of £1m in the capital receipts reserve.*

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5 Legal Implications (including implications for matters relating to equality)

5.1 The current arrangements for use of the datacentre were through a joint agreement between this Council and Elmbridge. Elmbridge vacated the datacentre on 28 October, at which point the joint agreement ceased.

5.2 **Monitoring Officer's comments:** *None arising from the contents of this report.*

6 Sustainability Policy and Community Safety Implications; Partnerships

6.1 None for the purposes of this report

7 Risk Assessment

7.1 Without an upgrade of the Epsom datacentre equipment we are at risk of both significant downtime of IT applications which both staff and residents rely on as well as leaving us more vulnerable to cyber-attack.

7.2 If funding for the project were left until the 2019/20 Capital Programme is agreed in February 2019, there would be a risk that high-value equipment belonging to EEBC would be seized by the Aegis administrators and therefore lost to the Council.

8 Conclusion and Recommendations

8.1 The current infrastructure at Epsom needs modernising to remove high-risk single points of failure, improve resilience and capacity, improve our data security and our ability to react to cyber-attack and to enable the council to adopt new ways of working.

8.2 Proact's health check IT identified over 40 issues which need to be addressed across the whole range of our IT estate. Seventeen of these are rated as priority 1 or 2 issues and the ICT and New Ways of Working Governance Group have agreed that these should be priority tasks to be resolved in 2018/19.

8.3 The options to move equipment from Aegis to Epsom would provide EEBC with a new set of VMWare servers which would enable remediation of many of the high priority issues identified by Proact; as well as future proof the infrastructure.

Ward(s) affected: (All Wards);