East Northamptonshire Council

Policy and Resources Committee
16 February 2015

ICT Services – Business Continuity

Purpose of report

To seek approval for an investment of up to £17,500 to carry out initial enabling work for more robust ICT business continuity arrangements as well as opening up the opportunity for cost savings in the future.

1.0 Background

1.1 The ICT service for East Northamptonshire Council (ENC) and Borough Council of Wellingborough (BCW) is provided through a shared-service arrangement with staff employed by ENC and costs shared between the two councils.

1.2 This arrangement has been in place for over six years; during which time there has been progress in implementing a range of shared systems across the two councils.

1.3 However, throughout this period, both councils have operated separate computer facilities. For BCW, these exist on the ground floor of Tithe Barn building, and at ENC they are in converted offices situated in L12 and G21. Neither of these facilities is appropriate to provide the high levels of availability and security required by the business, and this has been highlighted in Internal Audit reports.

1.4 The East Northants rooms were created from offices and are not suitable for the level of equipment currently within these rooms. They lack fire suppressant equipment, (estimated to cost £40K to install), plus the air conditioning provision is ageing and struggles to cope with the heat output of the equipment, especially during summer months. There is no resilience for the main power supply into the building, and this is only partially mitigated by short term backup batteries (UPS) and a generator. Both of these will need to be replaced in the mid term, estimated at £30K in 2018-19 for the UPS and £100K in 2019-20 for a generator. All the Council's telephone and data lines also terminate within the main server room, meaning a loss of this room due to fire etc would affect all Council phone lines, and key ICT services.

1.5 At Wellingborough, the recent failure of an air-conditioning unit almost caused a fire when the equipment reached 40C with smoke emerging. This computer room is also not engineered for a modern technology environment, suffers from similar deficiencies to the ENC rooms and exposes BCW to similar risks.

1.6 If either of these computer rooms were fit for purpose (or could be readily brought up to standard) then it would be proposed to centralise everything on that one site, with a secondary independent Disaster Recovery site considered. However, this is not considered cost effective for either location.

1.7 Both councils agree that it is not an option to invest in new data centre facilities, which would typically cost £500k - £1m.

2.0 Proposal

2.1 **Creating an externally hosted Data Centre**
Both councils are relatively small, yet require a full ICT Infrastructure in order to operate. However, much of the infrastructure is common to each council, and with

greater integration the infrastructure costs could be shared. This would also have the benefit of freeing up ICT team resources to carry out more value added work, enabling the councils to extract greater value from their technology investments.

2.2 There is a wide range of providers who could deliver this service in the commercial sector via outsourcing and in the public sector through a partnership agreement. At this stage it is proposed to consider both options, recognising that any decision to follow the commercial route will have to be supported through a full procurement process.

2.3 The focus is therefore to define our requirements and work with a small range of suppliers to prepare an outline business case, which defines the full costs and potential benefits. This can be assessed through each Council's governance process to determine whether their strategic objectives are adequately met.

2.4 It will take approximately 3 months to develop such an analysis. At present, there is neither the capacity nor the expertise within the ICT function (or across either Council) to resource this work, and hence a temporary external contractor is proposed, with experience in this area, who can make an immediate start and deliver rapid progress

2.5 **Costings**

The ICT Contract market is vibrant with a wide range of individuals and skillsets. An initial assessment of available individuals has been carried out to determine their skill base and potential cost.

2.6 On this basis, a realistic daily rate for the calibre of individual required is £350 – 450 per day (excluding vat). Hence for a 3 month contract, the anticipated cost would be £23k - £29k.

2.7 A contingency buffer of £6k is also proposed, to ensure that the work can be completed. This will only be used if essential to produce a single business case which meets the requirements of both councils. The total cost would be split between the two councils on a 50/50 basis, so funding of up to £17.5k per Council is required.

2.8 **Benefits of Approach**

This will enable both councils to make a relatively quick decision as to the best option for sourcing of an external data centre to provide sufficient resilience and cost benefits to both councils.

2.9 The current status quo is not an option. If either council had suffered the same fire that engulfed South Oxfordshire/Vale of White Horse councils recently, the ICT service would be unavailable for at least three months while replacement equipment was procured and installed. During this time, the council would be unable to offer critical services such as Revenues & Benefits, Planning Services and Democratic Services. It should however be noted that all Council *data* is backed up to an offsite store each evening, so it remains protected.

2.10 **Future potential**

While ICT is a significant cost to both councils, it is also a major enabler for better ways of working in the future. It is essential in order to deliver Central Government's '*Digital by Default'* agenda, and also in streamlining existing council functions to deliver more services at lower cost.

2.11 Like the majority of other service areas, the current ICT team has shrunk over recent years to the point where there are just enough staff to operate the current service, with barely any spare capacity to drive a change agenda. Equally, the continual increase in the pace and breadth of technology means that it is no longer possible for the existing staffing level to maintain the level of technical expertise required to support the business. Joining forces with a larger technology provider offers the opportunity for cost savings and sharing innovation.

3.0 Resource and Financial Implications

3.1 The recommendation is for an external contractor to be appointed for a period of 3 months at an overall cost up to £35,000. For ENC this is a request for funding from the Council Improvement Reserve of up to £17,500.

3.2 This is being requested from the Council Improvement Reserve based on the following agreed criteria:-

Payback (within MTFS period)	Overall Data Centre proposal should payback within 3 years
Return on Investment	The Data Centre proposal should deliver significant savings to the Revenue Budget
Size of investment (up to £250k)	£17,500 is being requested

3.3 The benefits to be obtained from this proposal can be summarised under a number of headings. It should be noted that at this stage, these figures are purely provisional, and will be firmed up in the business case prior to agreeing the overall way forward.

Strategic

3.4 At present, both councils are extremely vulnerable to the loss of their computer facilities and would not be able to operate should a major incident occur. This proposal will start the process to deliver a resilient service that substantially reduces that level of risk.

3.5 This will also enable the councils to remove the day to day challenges of delivering a technology service and allow an external partner to take on this responsibility, providing a higher quality service at lower cost.

Investment Benefits

3.6 The continuing call on capital from both councils will reduce and space will be freed up to enable both councils to consider rationalising their office space. Capital provision to maintain computer room facilities is included in the MTFS, and hence savings up to £170k may be possible

3.7 It should, however, be noted that this capital saving will be replaced by a revenue charge for the ICT service, and the challenge will be to move to a 'standard' service offering so that these charges can be minimised.

Revenue Benefits

3.8 Migrating to an external provider of our technology services will reduce the amount of work carried out on systems maintenance by internal staff. The Councils may choose to redirect these resources onto other work, particularly projects designed to use technology to drive efficiency, or to meet other demands of the Medium Term Financial Strategy. Projected savings will be defined in the business case, with an initial expectation that £50k-£100k pa should be possible

3.9 Depending on the choice of technology provider, there may be additional opportunities for revenue sharing initiatives. These will be considered as part of the options assessment.

4.0 Equality and Diversity Implications

4.1 An Equality Impact Assessment has been undertaken and there are no equality and diversity implications arising from the proposals.

5.0 Legal Implications

5.1 There are no legal implications directly arising from this report.

6.0 Risk Management

6.1 This proposal requires a joint investment from both Councils in order to proceed. The principle of moving the Data Centres to an external provider has been accepted by the two Chief Executives as part of the ICT Partnership board. There is a risk that the Councils may not agree on adopting a common solution, but the preparation of the business case will take this into account, enabling each council to act separately or together

6.2 The key risk is that we are unable recruit an individual of sufficient calibre given the short term nature of this role. If that happens then we may have to extend the project for a period until a suitable candidate emerges.

7.0 Constitutional Implications

7.1 There are no constitutional implications arising from this report.

8.0 Corporate Outcomes

8.1 The recommendation would assist in delivering the following corporate outcomes:

- Good Value for Money – these changes represent good value for money in enabling the efficient and effective support of the Council's information and critical services

- High Quality Service Delivery – the authority will continue to be able to deliver a valued Revenues & Benefits service, appropriate governance of Council information, along with providing increased overall resilience for the ICT Service Desk operation.

9.0 Recommendation

9.1 The Committee is recommended to

(1) Authorise the investment of up to £17,500 from the Council's Improvement Reserve for an external contractor to identify the best option for the sourcing of both ENC's and BCW's Data Centres. This investment meets all of the defined criteria for providing upfront investment to enable the financial sustainability of the Council.

(Reason: To provide an resilient ICT service that underpins the critical services delivered by the Councils).

Legal	Power: Local Government Act 1972				
	Other considerations:				
Background Papers: None					
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Date: 4 February 2015					
CFO 5.2.15		**MO**		**CX**	