

# CAPITAL INVESTMENT BUSINESS CASE

## New Data Centre Migration Costs



### EXECUTIVE SUMMARY

*The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to extract or only the key facts from relevant sections i.e. 'project on a page'. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.*

#### key notes

This investment proposal covers the one off costs of migration between the Delt operated existing data centre in Windsor House and the new data centre to replace this. The move has been necessitated by the decision to decant services from Windsor House in preparation for disposal. The new data centre will operate at lower costs than those we are currently able to reach with our current configuration, the savings in operating cost will be used to pay back the cost of migration.

#### key risks

The most significant risk to this proposal is the prospect of the cost to migrate increasing.

### SECTION I: PROJECT DETAIL

<b>Project Value (indicate capital or revenue)</b>	£0.221m capital	<b>Contingency (show as £ and % of project value)</b>	£44k – 25%
<b>Programme</b>	Transforming Council Services	<b>Directorate</b>	Transformation & Change
<b>Portfolio Holder</b>	Cllr Kelly	<b>Service Director</b>	Andy Ralphs
<b>Senior Responsible Officer (client)</b>	Peter Honeywell	<b>Project Manager</b>	John Finch
<b>Address and Post Code</b>	Ballard House PL1 2AA	<b>Ward</b>	Citywide

**Current Situation:** *(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)*

Delt support PCCs requirement for resilient data centre services through operating across 2 sites in the city. One of these sites is in the basement at Windsor House and the other is in the Plymouth Science Park. The sites are linked by networks and managed for resilience such that if one site suffers a failure the other can pick up the work load.

The commitment to move services from Windsor House in order to allow the building to be commercially disposed of requires that the data centre operating from this site is moved.

**Proposal:** *(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)*

Delt have considered options for the replacement of the data centre and concluded that the most cost effective solution is to move to a single new highly resilient data centre. The new capability will offer resilience comparable to that provided by our current set up. However the use a single vendor operating at scale provides savings to Delt which will be passed through to PCC.

The work to procure the new service and manage the transition will be the responsibility of Delt to complete. PCC are being asked to confirm the capital contribution required to deliver the savings.

The ongoing costs for the provision of the data centre are covered in existing budgets and are therefore excluded from this case.

### Milestones and Date:

Contract Award Date	Start On Site Date	Completion Date
15 October 2021 Dates to be managed by Delt	29 October 2021	25 March 2022

## SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

**Risk Register:** *The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).*

Potential Risks Identified		Likelihood	Impact	Overall Rating
<b>Risk</b>	The costs estimated increase as the project progresses from design to implementation	Medium	Low	Low
<b>Mitigation</b>	Maintain a contingency (at 25%) for costs to increase	Low	Low	Low
<b>Calculated risk value in £ (Extent of financial risk)</b>	£100k			

### Outcomes and Benefits

**List the outcomes and benefits expected from this project.**

*(An **outcome** is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)*

*(A **benefit** is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)*

Financial outcomes and benefits:	Non-financial outcomes and benefits:
By comparison to continuing to operate 2 sites within Plymouth this proposal will save £137k per year.	The benefit of not having to facilities manage a data centre contained within a regular office building will reduce the risk of power and temperature management creating a failure in the data centre.

### Low Carbon

<b>What is the anticipated impact of the proposal on carbon emissions</b>	The project lacks the technical expertise to calculate the carbon emission impact but this solution will operate few racks of servers in a more efficient environment which should reduce the carbon consumption compared to our current operations.
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<b>How does it contribute to the Council becoming Carbon neutral by 2030</b>	The migration from Windsor House will reduce the Councils carbon footprint as this building is energy inefficient. Whilst the new data centre operation is not carbon neutral it will help reduce the overall level of emissions by 2022	
<b>Have you engaged with Procurement Service?</b>	No	
<b>Procurement route options considered for goods, services or works</b>	This is a procurement responsibility undertaken by Delt	
<b>Procurements Recommended route.</b>		
<b>Who is your Procurement Lead?</b>		
<b>Is this business case a purchase of a commercial property</b>	No	
<b>If yes then provide evidence to show that it is not 'primarily for yield'</b>		
<b>Which Members have you engaged with and how have they been consulted (including the Leader, Portfolio Holders and Ward Members)</b>	<b>Portfolio Holder (Cllr Kelly)</b>	

#### SECTION 4: FINANCIAL ASSESSMENT

**FINANCIAL ASSESSMENT:** *In this section the robustness of the proposals should be set out in financial terms. The Project Manager will need to work closely with the capital and revenue finance teams to ensure that these sections demonstrate the affordability of the proposals to the Council as a whole.*

##### CAPITAL COSTS AND FINANCING

<b>Breakdown of project costs including fees surveys and contingency</b>	<b>Prev. Yr. £m</b>	<b>21/22 £m</b>	<b>22/23 £m</b>	<b>23/24 £m</b>	<b>24/25 £m</b>	<b>25/26 £m</b>	<b>Future Yrs. £m</b>	<b>Total £m</b>
One off migration costs to set up new data centre		0.221						0.221
<b>Total capital spend</b>		0.221						0.221

##### Provide details of proposed funding: *Funding to match with Project Value*

<b>Breakdown of proposed funding</b>	<b>Prev. Yr. £m</b>	<b>21/22 £m</b>	<b>22/23 £m</b>	<b>23/24 £m</b>	<b>24/25 £m</b>	<b>25/26 £m</b>	<b>Future Yrs. £m</b>	<b>Total £m</b>
Budget code 4050			0.024	0.024	0.024	0.024	0.144	0.240
<b>Total funding</b>			0.024	0.024	0.024	0.024	0.144	0.240

<b>Which external funding sources been explored</b>	N/A
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<b>Are there any bidding constraints and/or any restrictions or conditions attached to your funding</b>	N/A
<b>Tax and VAT implications</b>	The Council has opted to tax Windsor House and as this cost would be as a result of making Windsor House ready to sell, any VAT incurred is recoverable.
<b>Tax and VAT reviewed by</b>	Julliet Russell

## REVENUE COSTS AND IMPLICATIONS

### Cost of Developing the Capital Project (To be incurred at risk to Service area)

<b>Total Cost of developing the project</b>	Project costs covered by Delt
<b>Revenue cost code for the development costs</b>	N/A
<b>Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria</b>	N
<b>Budget Managers Name</b>	N/A

### Ongoing Revenue Implications for Service Area

	Prev. Yr.	21/22 £	22/23 £	23/24 £	23/24 £	25/25 £m	Future Yrs.
<b>Service area revenue cost</b>							
<b>Other</b> (eg: maintenance, utilities, etc)							
<b>Loan repayment</b> (terms agreed with Treasury Management)			0.024	0.024	0.024	0.024	0.144
<b>Total Revenue Cost (A)</b>							
<b>Service area revenue benefits/savings</b>							
<b>Annual revenue income</b> (eg: rents, etc)							
<b>Total Revenue Income (B)</b>							
<b>Service area net (benefit) cost (B-A)</b>							
<b>Has the revenue cost been budgeted for or would this make a revenue pressure</b>							
<b>Which cost centre would the revenue pressure be shown</b>	4050	<b>Has this been reviewed by the budget manager</b>				Y	
<b>Name of budget manager</b>	Peter Honeywell						

<b>Loan value</b>	£221k	<b>Interest Rate</b>	1.5%	<b>Term Years</b>	10	<b>Annual Repayment</b>	£23,964k
<b>Revenue code for annual repayments</b>			4050				
<b>Service area or corporate borrowing</b>			Service area				
<b>Revenue implications reviewed by</b>							

**Version Control:** (The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)

<b>Author of Business Case</b>	<b>Date</b>	<b>Document Version</b>	<b>Reviewed By</b>	<b>Date</b>
Peter Honeywell	08/09/21	v 1.0		00/00/2021
	00/00/2021	v 2.0		00/00/2021

## SECTION 6: RECOMMENDATION AND ENDORSEMENT

### Recommended Decision

**It is recommended that the Leader of the Council:**

- Approves the Business Case
- Allocates £221k for the project into the Capital Programme funded by service area repayment

<b>Councillor Nick Kelly, Leader of the Council</b>		<b>Service Director</b>	
<b>Either email dated:</b>	Date: 20 October 2021	<b>Either email dated:</b>	date
<b>Or signed:</b>		<b>Signed:</b>	
<b>Date:</b>		<b>Date:</b>	
		<b>Service Director</b>	
		Andy Ralphs, Service Director of Customer and Corporate Services	
		<b>Either email dated:</b>	Date:01/09/2021
		<b>Signed:</b>	
		<b>Date:</b>	