

**South Ayrshire Council**

**Report by Head of Finance, ICT and Procurement  
to Cabinet  
of 29 November 2022**

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**Subject: ICT Data Centre – Hosting and Delivery Model**

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**1. Purpose**

- 1.1 The purpose of this report is to update Members on the strategy to move from an on-premises Data Centre Hosting and delivery model to an off-premises cloud hosted alternative and to seek approval to revert from a revenue to capital based payment model from 2023/24 onwards for all associated costs.

**2. Recommendation**

**2.1 It is recommended that the Cabinet:**

- 2.1.1 notes the initial Phase 1 implementation and migration costs will be met from current ICT revenue and capital investment programme resources during 2022/23; and**
- 2.1.2 approves the request to commence with Phase 2 on completion of Phase 1 and fund Phase 2 and all future year costs from within the ICT capital investment programme.**

**3. Background**

- 3.1 A paper on ICT Data Centre Hosting was presented to the Leadership Panel at its meeting on 18 January 2022. Following completion of an Options Appraisal, which was evaluated against a number of Critical Success Factors, it was recommended to migrate away from an on-premises data centre hosting environment.

3.2 This resulted in the following outcomes:

- 3.2.1 approval of the strategy to move to a hybrid model of hosting using public cloud services using a two-phase approach for the reduction of existing on-premises Data Centres at County Buildings and McCalls Avenue;
- 3.2.2 approval of Phase 1 of the initial migration of disaster recovery services to public cloud services, subject to securing appropriate revenue resources as part of the 2022/23 budget; and
- 3.2.3 a request that a report on the proposed wider migration of production services (Phase 2) be brought forward to Cabinet during 2022/23 seeking approval to commence the required Phase 2 works.

3.3 Resources were included in the 2022/23 Revenue budget and during the period from January 2022 onwards, work has been completed on the planned migration of services to Microsoft’s Azure Cloud Platform.

3.4 The work can be considered complex and has taken longer than initially expected, with Phase 1 still underway and the project in the initiation phase. The delay has been due to a number of technical and non-technical reasons, including availability of staffing resources and issues relating to global circumstances.

#### 4. Proposals

4.1 During the project, it has become clear that options are now available to allow consumption of cloud resources using a traditional capital based model, which is being followed by other organisations. This will allow for the payment of Microsoft cloud services using a standardised method, known as Server Cloud Enrolment (SCE).

4.2 This will allow adoption of the latest technologies while simplifying deployment and administrative functions, such as licence management. More importantly it will allow the Council to obtain the highest level of customer discounts which are available.

4.3 Phase 1 of the project will continue and will be completed, using existing allocated funding as follows;

<b>Cost Element</b>	<b>2022/23 £m</b>
Hosting Hybrid - revenue costs	0.200
Hosting Implementation - capital cost	0.200
Contingency – capital cost	0.150

4.4 For Phase 2, rather than bringing a subsequent paper for future revenue funding, as previously planned, it is recommended that in order to obtain the most suitable customer experience a multi-year agreement on consumption of services should be taken.

4.5 The recommendation is to commence with Phase 2 on the completion of Phase 1 and fund Phase 2 costs based on a capital funding model, rather than the previously envisaged revenue funded model. This will facilitate a revenue budget saving of £0.200m in 2023/24 and prevent further requests for ongoing revenue funding (previously estimated to be in the region of an additional £0.650m required per annum).

4.6 The Phase 2 costs, to be met from the ICT capital investment programme, will be considered in detail following completion of Phase 1 and a review of planned v actual phase costs.

#### 5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 The only procurement implications arising from this report are in relation to cloud hosting of Oracle workloads not included in the Fusion project. A separate Options Appraisal is being developed which will recommend a solution in this area. While not directly related, there is an interdependency with cloud hosting and the project is referenced from a visibility perspective.

## 6. Financial Implications

6.1 The current funding allocations (as stated at 4.4 above) will be used to fund the remaining elements of Phase 1 and the implementation of Phase 2 is expected to be met through the current resources contained in ICT capital investment programme.

6.2 Revenue savings of £0.200m will be brought forward as part of the 2023/24 budget setting process.

## 7. Human Resources Implications

7.1 Not applicable.

## 8. Risk

### 8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

### 8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 There are no risks associated with rejecting the recommendations.

## 9. Equalities

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 1](#).

## 10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

## 11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report. However it should be noted that full appraisal was completed through engagement with a trusted partner, Socitm Advisory Ltd, during the Data Centre Hosting approach. Full details of this were included in the Panel report of 18 January 2022.

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## 12. Link to Council Plan

12.1 The matters referred to in this report contribute to Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness and Commitment 5: Increasing the Profile and Reputation of South Ayrshire and the Council.

## 13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

## 14. Next Steps for Decision Tracking

14.1 If the recommendations above are approved by Members, the Head of Finance, ICT and Procurement will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

Implementation	Due date	Managed by
Implementation of Cloud Governance Model	31 December 2023	Service Lead – ICT Operations
Phase 2 implementation	31 March 2024	Service Lead – ICT Operations

**Background Papers**      **Report to Leadership Panel of 18 January 2022 - [ICT Data Centre – Hosting and Delivery Model](#)**

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**Date: 18 November 2022**

## South Ayrshire Council Equality Impact Assessment Scoping Template

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

### 1. Policy details

Policy Title	ICT Data Centre – Hosting and Delivery Model
Lead Officer (Name/Position/Email)	Kev Mullen, Service Lead – ICT Operations – kevin.mullen@south-ayrshire.gov.uk

**2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts**

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-
Sex – (issues specific to women & men or girls & boys)	-	-
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-

Community or Groups of People	Negative Impacts	Positive impacts
Thematic Groups: Health, Human Rights & Children's Rights	-	-

**3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.**

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	-
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	-
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	-
Socio-economic Background – social class i.e. parent's education, employment and income	-	-

**4. Do you have evidence or reason to believe that the policy will support the Council to:**

General Duty and other Equality Themes Consider the 'Three Key Needs' of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
<b>Eliminate unlawful discrimination, harassment and victimisation</b>	Low
<b>Advance equality of opportunity</b> between people who share a protected characteristic and those who do not	Low
<b>Foster good relations</b> between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

## 5. Summary Assessment

<b>Is a full Equality Impact Assessment required?</b> (A full Equality Impact Assessment must be carried out if impacts identified as <b>Medium and/or High</b> )	<del>YES</del> <b>NO</b>
<b>Rationale for decision:</b>  <b>This report updates Members on the strategy to move from an on-premises Data Centre Hosting and delivery model to an off-premises cloud hosted alternative and to seek approval to revert from a revenue to capital based payment model from 2023/24 onwards for all associated costs. Their decision on this has no specific equality implications</b>	
<b>Signed :</b> Kev Mullen	<b>Service Lead</b>
<b>Date:</b> 3 November 2022	