South Ayrshire Council

**Report by Head of Finance and ICT
to Leadership Panel
of 18 January 2022**

Subject: ICT Data Centre – Hosting and Delivery Model

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1.   Purpose

1.1   The purpose of this report is to seek Members' approval of the strategy to move from an on-premises Data Centre hosting and delivery model to an off-premises cloud hosted alternative and to agree to implement Phase 1 of the recommended strategy.

2.   Recommendation

2.1   It is recommended that the Panel:

2.1.1   approves 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 Centre's at County Buildings and McCall's Avenue;

2.1.2   approves 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;

2.1.3   notes the requirement to change the existing funding approach, with public cloud service being consumed on a revenue-based rental model, with initial on-going revenue funds of £200,000 being required in 2022-23;

2.1.4   notes the initial Phase 1 capital implementation cost will be met from the current ICT capital investment programme; and

2.1.5   request that a report on the proposed wider migration of production services (Phase 2) be brought forward to Leadership Panel by the Head of Finance and ICT during 2022-23 seeking approval to commence the required Phase 2 works.

3.   Background

3.1   Like many other Councils, South Ayrshire Council is in a position where ICT services are mainly delivered via on-premises data centres with recurring capital-based investment required on a cyclical basis to enable continued secure access to digital resources.

3.2   Some authorities have already moved some, or the majority, of their ICT Services to alternative hosting models, which all involved using 'cloud' or off premises data centres to deliver services. With some examples of this activity occurring several years ago, while others are still considering their migration path and formalising long-term plans, which will involve changes to their existing delivery and funding models. Each authority will have their own business case and reasons for change however this is likely to involve common themes such as carbon emission reduction targets.

3.3   In line with this market direction, government strategy and policies are also seeking to follow a cloud hosting model and as such, the Council requires to reconsider the approach of hosting its ICT services on premises and ensure a hosting solution is put in place which addresses disaster recovery requirements and the potential risk of losing both physical data centres, which host most ICT services and enables user access to applications/ data.

3.4   ***Scotland Digital Future:*** Delivery of Public Services (<u>Scotland's Digital Future: Data Hosting and Data Centre Strategy for the Scottish Public Sector - gov.scot (www.gov.scot)</u>) is clear in the direction which should be followed. This builds upon and enhances the recommendations which were made previously by John McLelland when reviewing ICT use in the public sector <u>Review of ICT Infrastructure in the Public Sector in Scotland</u>. With the core focus of both papers highlighting the deployment of Digital Public Services as being dependant on ICT and which require consolidation and alternative delivery of existing services to:

   • achieve resilience to meet business continuity demands;

   • adapt to changing short term business capacity requirements (by increasing/ decreasing services on demand); and

   • reduce power and realise carbon reduction targets.

3.5   In preparation for this journey, over the past 2-3 years, internal activities have been progressed and completed to consolidate the ICT model, with the removal of various products performing the same or comparative functions. This work was undertaken in preparation for the activities detailed in this document and to assist the migration to an alternative hosting model.

3.6   South Ayrshire Council IT infrastructure is housed in two data centre's (McCall's Avenue and County Buildings) which are only separated by a short distance. This significantly impacts the Disaster Recovery capability, as potential low probability high impact scenarios could affect both locations and significantly impact the ability to deliver the most basic of ICT services.

3.7   Several of the central hosting services based in our data centres are also coming to the end of their support contracts and associated useful life and as a result they will require to be replaced in some form during 2022-23.

3.8   Aligned to this, the Council's has a strategic objective to reduce its carbon footprint by 70% by 2030 and the running costs of the data centre can be considered as significant, with circa 44kwh being required currently each year.

3.9   Works are also underway to reduce the requirement for on-premises services, by the adoption of cloud services for specific applications/ workloads. The most

notable 'in-flight' project currently is Oracle Fusion which will see the deployment of a new Finance/ HR and Payroll service.

4.   Proposals

4.1   The recommendation defined in the report have been developed through engagement with a trusted partner, Socitm Advisory Ltd, where we have developed a path on Hosting, which will allow ICT services to be able to be delivered, in a resilient manner.

4.2   The options appraised to form the recommendation are detailed in Appendix 1. The options appraisal included reviewing the existing data centre delivery model which would best utilise available council resource against the following Critical Success Factors (CSF):

- provision of a cost effective and simplified approach to enabling users with access to consume applications/ data based on their role requirements;

- a reduction in risk (specifically the potential loss of both data centre locations) and the ability to deliver a resilient ICT service;

- address carbon savings targets which relate to a 70% reduction in emissions by 2030, for ICT this relates overwhelmingly to Data Centre running costs; and

- ability to achieve value for money and increased flexibility to plan budgetary spend in advance.

4.3   The main recommendation is to move to a hybrid model of hosting using public cloud services using a two-phase approach. With the implementation of a hosting provision for Disaster Recovery being the first phase planned during 2022-23.

4.4   Phase 2, a wider Hosting migration implementation with associated costs, will be the subject of a future report to Leadership Panel to be brought forward during 2022-23. Phase 2 will include plans to migrate many services from our Data Centre's by 2024 and significantly reduce the carbon footprint accordingly. This approach will likely have increased revenue cost implications.

4.5   With works underway to establish a new Future Operating model for colleagues, the Council needs to ensure that the ICT Data Centre and Delivery model maximises the user experience. As agile, hybrid and home worker types will require to frequently access digital content from non-council premises, there requires to be a new delivery model. This is due to the existing delivery model not being designed to enable user connectivity in a hybrid, or remote, Covid-19 working environment with a geographically dispersed workforce.

4.6   The recommended approach will reduce risk and ensure that adequate time is available to up-skill colleague and prepare for the transition to a new support model, with many ICT skills requiring to be updated by a move to cloud services.

4.7   The recommendations and associated change also align with the overall strategic Council Plan and both the ICT and Digital strategies.

4.7.1   The ICT Strategy 2017-20 supports the Council in the delivery of its Council Plan 2018-2022 and the six commitments outlined within this. It

aims to highlight how ICT can no longer be thought of as a support service but as a partner to the Council's services, working with services to use technology to transform service delivery. A review of the ICT Data Centre and Delivery model aligns with this desired overall outcome.

4.7.2   The Digital Strategy 2019-2022 sets out our priorities and commitments to become a Digital Organisation and continue the evolution of South Ayrshire Council's services, through the use of digital technology. It has been developed to ensure that the South Ayrshire can succeed in the digital world while supporting the strategic objectives of the Council Plan 2018-2022. This Digital Strategy is separate but complementary to the existing technology-focussed ICT Strategy 2017-2020.

4.7.3   The approach will also take cognisance of the following national strategies and policies:

- McClelland Review of Public Sector Infrastructure;
- The Scottish Government Data Hosting Strategy;
- The Scottish Government Cloud First Programme; and
- Industry direction and local government best practice.

4.8   As described in 4.4 above Phase 2 will include plans to migrate many services from our Data Centre's by 2024 and significantly reduce the carbon footprint accordingly. It is recognized that whilst this will reduce direct CO_2 emissions for the Council it will result in this carbon emissions burden being transferred to the hosting provider. Further investigations in the potential preferred partner have confirmed that the organisation, Microsoft, is committed to becoming carbon negative by 2030 and to remove historic emissions by 2050. It is therefore concluded that the recommended approach will ultimately result in the desire carbon emissions reductions, albeit through an indirect route.

4.9   It should be noted that it will be possible, post 2023, to reclaim some of the existing County Buildings Data Centre space and reallocate it for alternative purposes. The works will require significant planning due to the electrical power deployed in the area and high volumes of obsolete/ redundant cabling.

5.   Legal and Procurement Implications

5.1   There are no legal implications arising from this report.

5.2   In terms of procurement, both the appointment of a partner to assist in the implementation and technical migration from an on-premises model to a public cloud model, and the procurement of the hosting licences, will be undertaken through a regulated procurement appointed through one of the national frameworks available to the Council.

6.   Financial Implications

6.1   Traditionally the current Data Centre funding model has been through a mixture of capital and revenue funding, with the majority of cost (68%) being funded through the ICT capital investment programme, as outlined in the table below. The table provides summary information of costs incurred over a six-year period, 2015-16 to 2020-21. Further detail on this is provided in Appendix 1.

Table 1 – Expenditure from 2015-16 to 2020-21

	Total spend £m	Average Annual spend £m
Capital expenditure	3.353	0.559
Revenue expenditure	1.591	0.265
Total six year spend	**4.944**	**0.824**

6.2   Agreement of the recommendation outlined in 4.3 above, to move to a hybrid model of hosting using public cloud services will result in a move away from the traditional capital investment model to a revenue-based model. It is anticipated that the phased programme of migration will result in less capital investment being necessary in the Council's two data centres in the future, but conversely will result in increased revenue costs due to cloud services being funded on a consumption (revenue) based model.

6.3   Initial soft market testing has determined a likely annual revenue cost for the consumption-based model of £0.200m for Phase 1 of the migration. Capital implementation cost for Phase 1 have been estimated at £0.350m, with the cost being met from the current ICT capital investment programme.

7.   Human Resources Implications

7.1   Not applicable.

8.   Risk

8.1   *Risk Implications of Adopting the Recommendations*

    8.1.1   There is a risk that revenue funding for Phase 1 and Phase 2 of the migration is not secured as part of future revenue budget decisions.

8.2   *Risk Implications of Rejecting the Recommendations*

    8.2.1   There are several risks and/ or issues with rejecting the recommendations.

    8.2.2   The existing data centres are geographically close, meaning any major incident could potentially impact the ability to deliver basic ICT services. Moving to a cloud hosted model will reduce the risk of this occurring.

    8.2.3   It would not be possible to achieve ICT carbon reduction targets by continuing to maintain on-premises data centres. With enterprise-wide emission reduction plans of 70% by 2030, a movement away from of on-premises hosting will significantly reduce the carbon footprint.

    8.2.4   The business agility of the ICT service will continue to be constrained by slow procurement and associated implementation cycles. On premises solutions require to be upgraded on a cyclical nature, with specification,

procurement, installation, and support factored into the model. Cloud based services are mainly 'Ever Green', which reduces or at best removes the upgrade cycle.

8.2.5 Adoption of new trends in ICT capabilities will be constrained by existing infrastructure and equipment.

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 2.

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 The options and recommendations defined in the report have been developed through engagement with a trusted partner, Socitm Advisory Ltd, where we have developed a path on Hosting, which will allow ICT services to be able to be delivered, in a resilient manner. The option appraisal is attached as Appendix 1.

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 Brian McGinley, Portfolio Holder for Resources and Performance, and the contents of this report reflect any feedback provided.

13.3 A Members' briefing was held on 24 November 2021, and the contents of this report reflect any feedback provided.

14. Next Steps for Decision Tracking Purposes

14.1 If the recommendations above are approved by Members, the Head of Finance and ICT 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 Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

Implementation	Due date	Managed by
Business Engagement - DR	February 2022	Service Lead – ICT Operations
Procure hosting partner	March 2022	Service Lead – ICT Operations
Technical preparation	May 2022	Service Lead – ICT Operations
Migration Implementation Phase 1	July 2022	Service Lead – ICT Operations
Report to Leadership Panel on Phase 2 following further market engagement	2022-23 (specific timing to be confirmed)	Head of Finance and ICT

Background Papers   **None**

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Date: **11 January 2022**

Option appraisal – Data Centre Hosting and Delivery model

Introduction

1.1   The work included development of an appraisal of the data centre hosting options, which addressed data centre and disaster recovery requirements and considered the following high-level approaches:

- Removing both data centres and running production/Disaster Recovery (DR) from a public cloud provider (well-known examples include Amazon AWS and Microsoft Azure);

- Removing both data centres and running production services from a colocation partner's data centre's (well-known examples include Pulsant, Crown Hosting Services Ltd); and

- A hybrid scenario with services split between public/private cloud and a single interim on-premises location.

1.2   The appraisal explored several potential options, which are explored in greater detail in the sections below, each were validated against key Critical Success Factor (CSF) criteria:

- CSF 1: A simplified and resilient DR approach.

- CSF 2: Ability to deliver apps and services from the cloud and consume from a variety of locations.

- CSF 3: Ability to deliver quick, resilient, and efficient access to data for colleagues based on what they need to do their jobs.

- CSF 4: A simplified, consolidated approach which reduces the volume of integrations.

- CSF 5: Achieve a 70% reduction in carbon emission by 2030.

- CSF 6: Improved ability to meet legislative and regulatory compliance (PSN/Cyber Essentials)

- CSF 7: Achieve value for money with the ability to plan financial spend/ budget in advance.

2.   Options

2.1   The table below shows the full options which were evaluated:

Options Evaluated	Description
1. Retain current data centre model (Do Nothing)	Continue with existing arrangements and renew existing services as is
2. Shared environment cross Council	Develop shared contract with neighbouring authorities
3. Full Software as a Service (SaaS) solution	Migrate all applications to SaaS support model
4. Hybrid Data Centre and Cloud model	Implement a Hosting model on a phased basis, initially focused on Disaster Recover and a retained single Data Centre, followed by full transition by 2030

2.2 Option 1: Retain Current Data Centre Model (Do Nothing)

The 'Do Nothing' option is not considered viable, as if no significant change is made to the current data centre hosting and Disaster Recovery of the ICT estate, the services will be subject to the same continuing constraints as presently exist:

- The two datacentres are geographically very close, meaning that any major incident could potentially impact both data centres leaving no Business Continuity of services.

- There will be little possibility to make progress towards the objective of reducing carbon footprints by 70% by 2030 as the datacentres would continue to need significant power and air-conditioning.

- There would continue to be a need for equipment refreshes on at least a five-year cycle (when emissions are the driving force, a two-yearly refresh is often recommended to take advantage of latest advances in efficiency) This would necessitate continued significant investment via the established ICT capital programme or risk to security and service availability.

- The business agility of the ICT service will continue to be constrained by slow procurement and implementation cycles.

- Adoption of new trends in ICT capabilities will be constrained by existing infrastructure and equipment.

- The underlying infrastructure would still need to be refreshed and would be more susceptible to disaster outages.

2.3 Option 2: Shared Environment – Cross Council

The Council has previously explored the potential for shared data centre provision with neighbouring Councils. This would have created opportunities for sharing of services in several areas, including back-office services.

Despite extensive dialogue, the outcome was an inability to achieve a potentially viable option for consideration. Therefore, given the time constraints it was not considered feasible to explore this further.

2.4   **Option 3: Full Software as a Service (SaaS) Solutions**

SaaS refers to a method of delivering services to users, over the internet using only a browser, such as Microsoft Edge or Chrome.

There are in the region of 200 business applications currently in operational use within South Ayrshire Council. Given that many of the legacy applications have no immediate logical upgrade to a SaaS version the move would not present the Council with a viable solution and as such is discounted.

Defining, procuring, and implementing of alternative solutions would also be a significant programme of work which would impact heavily on business teams. With almost every area of the Council impacted by the following activities:

- Specification of requirements – significant business (and ICT) engagement would be required to collate the requirements of every business area where no SaaS solution is available from the current Line of Business application vendors.

- Procurement – again, significant effort from each Business unit to analyse and assess the responses from the vendors.

- Implementation and Testing – significant business effort would be required to test the data migration and the operation and configuration of the new solutions

- Business Process re-design – one of the fundamental characteristics of a SaaS solution is that customisation is limited to configuration only. An inevitable consequence is that some level of process-change will be imposed on the business.

- User Training and familiarisation – Impacted users would need more extensive training in a new product than for a new version of existing applications, making this a significant impact on the business.

Although an individual business unit may well decide to invest in the above activities to gain improvements and/or cost savings in the service, to impose this level of impact to much of the Council simultaneously does not appear a practical approach to modernisation, nor does it seem likely that it could be easily supported by the current ICT and procurement teams.

2.5   **Option 4: Hybrid Data Centre and Cloud Model**

A migration of all, or almost all, of the ICT estate to the public cloud would counter many of the constraints outlined above – specifically:

- Operating in the public cloud means less exposure to many situations which would require Disaster Recovery

- DR is much easier to implement when all services are capable of being easily duplicated on immediately available standard infrastructure in disparate locations

- Public cloud infrastructure inherently produces fewer emissions than on-premises equivalents due to economies of scale

- The Public Cloud suppliers are committed to reducing emissions and it is part of their cost-optimisation to do so and invest heavily in staying at the forefront of power and emissions efficiency.

- The underlying infrastructure of Public Cloud operators is constantly being refreshed at no additional cost. Although it should be noted that cloud services are paid for on a consumption basis, in that you pay for the services which are used and as more services are consumed associated costs will increase. The cloud model throughout the industry is based on this model, although elements can be 'ring-fenced' on a 'use-it' or 'lose it' payment in advance basis. This will be reviewed as part of the procurement engagement process.

- It is easy to prototype and try new services on cloud infrastructure without capital investment and with a 'fail fast' approach which promotes business agility

- Cloud infrastructure provides access to the latest trends in ICT services and allows the outcomes of latest ideas and research to be trialled and exploited without the attendant research skills and investment costs.

There are known risks and lessons which other organisations have learned, as 'early cloud adopters'. This includes both cost and skills related issues.

- In terms of cost, the move of all services without careful analysis of the most appropriate cloud landing space is likely to be inefficient and is likely to require multiple solutions.

- In terms of skills, the current ICT team have little knowledge in terms of cloud-specific skills, a 'big-bang' approach of service migration would present limited opportunities to acquire the skills needed and would either lead to service disruption or a need to outsource the operations to third-parties.

A migration of some of the current workloads to the cloud, with a slower transformation for others will allow for all the benefits to be gained over a longer time, while allowing the disadvantages to be addressed and mitigated. Specifically:

- To address core business Disaster Recovery requirements for key systems, with an opportunity to move some services, which have no reliance on components which would remain onsite.

- The operating cost of the new cloud environment would be much lower for this small-scale migration

- Experience can be gained in optimising workloads to reduce operating cost before committing to further stages and expense

- The ICT team would be able to gain skills and insights by working alongside a Cloud partner for the initial migrations, meaning that future migrations could be undertaken in-house.

An initial move of several priority services (circa 100) could be accomplished in approximately six months which introduces the Hybrid service, with both on and off-site services delivered, with further migrations over the following year to eighteen months.

Phased investment would be required with an initial revenue investment in 2022/23 augmented by a secondary investment during the financial year of 2023/24 and beyond. The exact value of this would be clarified by subsequent engagements.

2.6 **Analysis of Critical Success Factors**

The table below shows the options, mapped to the previously defined CSF's.

Critical success Factors	Option 1 Retain and Renew current DC Model	Option 2 Shared environment	Option 3 Full SaaS Solution	Option 4 Hybrid Hosting Model
Reduction in carbon emission	N	Y	Y	Y
Consume from a variety of locations	Y	Y	Y	Y
Quick, resilient, and efficient access to data	N	Y	Y	Y
Simplified, consolidated approach reducing integrations	N	N	N	Y
Simplified and resilient DR	Y	N	Y	Y
Meet legislative change and compliance	N	Y	Y	Y
Achieving value for money	N	Y	Y	Y

Recommendation

To implement a Hybrid Data Centre and Cloud model **(Option 4)** with an initial migration, mainly for DR with some production services during 2022, with progression to a full migration of a Cloud Hosted model by April 2024. It is noted that some items will not be suitable for cloud hosting and a vastly reduced data centre estate would be required.

Phased investment would be required with an initial revenue investment in 2022/23 augmented by a secondary revenue investment during the financial year of 2023/24. The exact value of this secondary investment would be clarified by subsequent engagements.

SWOT analysis

A further analysis on Option 4 - Hybrid recommendation was undertaken, via a strategic planning technique which reviews Strengths, Weakness, Opportunities and Threats (SWOT).

Strengths	Weakness	Opportunities	Threats
Delivers significant steps on technical transformation	Does not offer immediate closure of all data centres	Create a fit-for-purpose Business Continuity Process	Switch to Revenue costing may encounter organisational pushback
Delivers underlying Disaster Recovery capability	Requires further analysis of the organisations business continuity requirements	Expand cloud backup to incorporate statutory archive	ICT staff may be resistant to major technology change
Allows SAC ICT staff to learn on the way	Requires a full understanding of application and system interoperability to allow cloud DR / implementation	Optimise service provision and delivery across the ICT estate	Costs may overrun if due diligence isn't complete
Delivers significant steps on Emissions objective	Requires a review of funding based on cloud consumption requirements	Take advantage of cloud features for automation.	Failure to pay for Cloud services will result in complete loss of both service and data
Delivers reliable service to business and citizens		Creates a DC delivery model compliant with government digital strategy and market direction	Selection of the wrong implementation partner may adversely impact timescales / costs
		Creates ability to scale up/down quickly based on business demand	Suitable training / upskilling of staff not provided will result in operational issues
			Failure to complete Applications rationalisation may result in unnecessary costs

The recommended Hybrid option (Option 4) is also based on several assumptions, which are defined below:

- The council will move to one production data centre as soon as possible, with live services running only from McCall's Avenue during 2021;

- The Council will adopt a hybrid approach with some services moving to the cloud and others staying on-prem in the short term (driven by the current Legacy systems position);

- Significant portions of the potential hosting management service will remain in-house and serviced by the current teams;

- Cost savings will not be achieved by the hosting of services in Azure, although it will allow the realisation of other benefits described in this paper;

- An Applications Review (Repurchase, Retire, Rehost, Retain) will be required to define which services will remain longer term. This will not be completed prior to the planned initial move to Azure and existing workloads will migrate to minimise further investment in the on-premises data centres;

- A cloud backup solution will be required for those workloads / services that move to the cloud to augment native solutions which are provided;

- A formal Business Continuity strategy will need to be developed to guide Service Disaster Recovery (DR) plans;

- DR services will be moved to the cloud as part of the initial works, although this is dependent on service requirements;

- Some live services will be moved as part of the initial migration, driven by dependencies on locations of associated workloads; and

- Business direction and engagement will be required to classify data prior to potential movement to a cloud hosted environment. This is due to the different categories and pricing models for storage/access.

Financial implications

Works have been completed to baseline the existing data centre running costs, which are currently circa £0.824m annually, based on spend over a historical 6-year period from 2015-16 to 2020-21. These costs will be reduced moving forward, as cyclical investments would be replaced by the consumption-based approach. The

Expenditure item	Capital £m	Revenue £m	Total cost 15-16 to 20-21 £	Average cost per year £
Hardware hosting	2.162	0.492	2.654	0.442
Software Licensing	0.036	0.276	0.312	0.052
Connectivity and Networking	0.966	0.138	1.104	0.184
Share of McCall's occupancy cost	0.189	0.660	0.849	0.142
ICT Staffing costs at data centres	-	0.025	0.025	0.004
Total	**3.353**	**1.591**	**4.944**	**0.824**

Summary indicative costs for Option 4, based on soft market engagement are defined in the table below, which includes £200,000 of revenue funding for Phase 1 hosting services from Microsoft, together with one-off costs for a partner to assist with the implementation works. Additionally, contingency costs are included for items not included in the paper provided by Socitm and further details are referenced below:

Cost Element	2022/23 £m	Source
Hosting Hybrid - Recurring annual revenue costs	0.200	Revenue budget resource pressure
Hosting Implementation	0.200	Current capital investment programme
Contingency	0.150	Current capital investment programme

The costs are modelled on the following assumptions:

- Cost avoidance for future data centre running costs will be generated by the phased implementation of a cloud hosted service in Microsoft Azure, with no major data centre hosted capital investments possible from 2024 onwards.

- There will be a period of parallel running of the Data centre(s) while the migration to Hosted environment is implemented and one of the data centres is decommissioned. Therefore, from a financial perspective costs will increase for the initial term of the hosting implementation phase

- Hosting costs are based on the best-case scenario of a 3-year fixed cost, which involves a 'user it or lose it' approach with commitment of consumption in advance.

- The breakdown of costs for Phase 2 will be clarified by further engagement with an appointed partner and as the datacentre run costs reduce there will be an associated increase in the hybrid hosting costs. Exact figures are not known at this stage.

- Further capital to revenue conversion will be required in 2023/24 should Phase 2 be approved and as additional workloads are moved to Microsoft Azure.

- There are several areas which require further clarification and costs are not fully known for these areas at the moment. For the purposes of this paper, a £0.150m capital contingency has been included and will be re-baselined as the project progresses.

  o Due to the complexity of the environment, separate Cloud providers may be required for areas which are not suitable for hosting in Microsoft Azure. This may include workloads such as Oracle Databases which are not being addressed as part of the Fusion implementation project (Finance/Payroll and HR).

  o Data storage is based a tiered access model and assumption have been applied in terms of frequency of access for specific types of data. Business engagement is required on this moving forward.

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: Equality Impact Assessment including Fairer Scotland Duty

Further guidance is available here: Assessing impact and the Public Sector Equality Duty: a guide for public authorities (Scotland)

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. See information here: Interim Guidance for Public Bodies in respect of the Duty, was published by the Scottish Government in March 2018.

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 – gender identity (issues specific to women & men or girls & boys)	-	-
Sexual Orientation – person's sexual orientation i.e., LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-
Thematic Groups: Health, Human Rights & Children's Rights	-	-

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage? (Fairer Scotland Duty). 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)
Eliminate unlawful discrimination, harassment, and victimisation	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low
Foster good relations 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 communities or groups in public life	Low
Improve the health and wellbeing of communities or groups	Low
Promote the human rights of communities or groups	Low
Tackle deprivation faced by communities or groups	Low

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as **Medium and/or High**)	~~YES~~
	NO

Rationale for decision: **This report seeks Members' approval of the strategy to move from an on-premises Data Centre hosting and delivery model to an off-premises cloud hosted alternative and to agree to implement Phase 1 of the recommended strategy. Members' decision on this has no specific equality implications**

Signed: Tim Baulk   **Head of Service**

Date: 16 December 2021