CAPITAL PROJECT APPRAISAL FORM
NEW BIDS 2014/15

CDC

1) Capital Scheme Name

Reducing ICT Server Infrastructure costs annually – Microsoft Hyper - V

2) Service Head

Name: Jo Pitman
Directorate: Transformation

3) Service Manager

4) Portfolio Holder

Councillor Turner

5) Driver *(delete as appropriate)*   **Highly Recommended**

6) Estimated Total Capital Cost (see final Sheet)

£ 14,000

7) Potential Full-year revenue Cost/Saving)

8) Detailed Outline / description of project
A clear and concise outline of the proposed project and how it is intended to be procured and managed.

Server virtualisation technology allows us to run multiple 'virtual' machines on one physical server. This approach cuts costs dramatically in comparison to using one physical server to carry out each function.

We currently utilise VMWare as our virtualisation platform, was the leading and only viable option for commerce and industry. However, as time and technology has progressed, Microsoft Hyper –V, which has been available for a several years has matured and is now a respected product. It has been accepted by both industry and commerce and is increasing its user base. We are able to purchase Hyper-V on our Microsoft Enterprise Agreement, which makes it significantly cheaper than VMWare. In an attempt to reduce the annual software licensing costs for ICT at Cherwell District Council, we propose a 'spend to save' initiative to migrate our IT server estate from our current virtualisation software environment, VMware to the more cost effective solution - Hyper-V.

As a first step towards moving to Hyper-V, ICT intends to migrate the 'least risk' test and development environments for our business applications at CDC across from the existing VMware solution and develop operating processes to support the new Hyper-V environment. This will allow us to develop skills and grow confidence in use of Hyper-V before migrating the live business applications.

Full costs savings will be achieved when all systems have been migrated to Hyper-V.; we will then be able to offload the annual cost of support and maintenance for VMWare, resulting in a saving of £19,000 each year. Over a 5-year lifetime, this results in a total license saving of £95,000, netting an overall saving of £95,000 - £14,000 = £81,000.

9) Corporate Priorities
Outline which corporate priorities the proposal will address.

This will address continual improvement of the internal systems to reduce long term costs. In this example we are targeting the on-going maintenance and licence renewals associated with VMware.

10) Service Objectives (Please select one)

☐ 1: Cherwell: A District of Opportunity

☐ 2: Cherwell: Safe, Clean, Green

☐ 3: Cherwell: Thriving Communities

☒ 4: Cherwell: Sound Budgets and a Customer Focused Council

☐ 5: Other – consultation priority

11) Consultation Priority Rank (Please select one)

☐ 1: Refuse collection & recycling, housing (needs, strategic & private sector), anti-social behaviour

☐ 2: Economic development & regeneration

☐ 3: Sports facilities, local, community & leisure development, safer communities, health promotion

☐ 4: Cleansing, local transport & concessionary fares, environmental protection, conservation & urban centres, arts, rural areas, car parking, estates

☐ 5: Building control & engineering, public protection, enforcement

☐ 6: Planning control, diversity & equality

☐ 7: Landscape, Banbury Museum, tourism, licensing

☒ Corporate: Revenue & benefits, democratic services, chief executive office, member services, corporate charges, communications, treasury, improvement, community planning, elections, land charges

12) Implications of not undertaking the Project
The implications to the Authority/Service of not undertaking the project e.g. failure to meet statutory responsibilities, reduction in service provision etc.

Continuing to pay high licencing costs by continual renewal of the VMware licences and support contracts on a yearly basis.

13) Efficiency Savings/Value for Money
Will the scheme contribute to the Council's requirement to demonstrate that we are improving value for money in the services provided? Please give details.

Yes – long term reduced licencing costs, once sufficient experience has been gained with the product.

14) Identification and Assessment of Risk in undertaking the Project
What risks have been considered and how would they be mitigated?

The main risk with this project is moving the various servers from a supported and understood platform called VMware to a new platform called Microsoft Hyper V.

To mitigate against any issue with using the new environment, accredited Microsoft training has been delivered to the team in Hyper V.

Hyper-V has been used successfully to create servers within a discrete test environment.

No 'live' environment servers will be created until all test and development servers have been tested and verified as being fit for purpose.

15) Other Authorities, Departments, Partnerships or Bodies involved
Details of other bodies involved in the scheme and the form of their contribution e.g. financial, practical, advisory etc.

16) Estimate of Asset Life   5 Yrs

17) Category (please tick as appropriate)   **Enhancement of Existing Asset**   ☐

New Asset   ☒

18) Componentisation
Will the asset have 2 or more components which will have differing useful economic lives? If so, please provide details of components, values and lives.

No

19) NOTE - If this is a CDC ICT Project please also complete ANNEX 1 & ANNEX 2.

Capital Expenditure		2014/15							
Description of Cost	Account Code	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2014/15	2015/16	2016/17	Total
Contractors	73910								0
Professional Fees	74910								0
Construction Services (internal)	74930								0
Equipment	75920								0
Other Capital Costs	76910								0
Initial Purchase of Vehicle or Plant	76920								0
IT - Software	76930								0
IT - Hardware	76940	14000							0
Grants	77940								0
Total		0	0	0	0	0	0	0	0
External Financing Description :-									
Capital grants and contributions (please specify)									0
Partnership Funding (please specify)									0
Other									0
Total		0	0	0	0	0	0	0	0
Total CDC Funding		0	0	0	0	0	0	0	0

Revenue Implications of Capital Investment:

Account Code	Cost Centre	2013/14				2014/15	2015/16	2016/17	Total
		Quarter 1	Quarter 2	Quarter 3	Quarter 4				
Capital Charge / Depreciation	12423								0
									0
									0
									0
Total		0	0	0	0	0	0	0	0
Estimate prepared by:									
CIDG approval:									
Executive approval for inclusion In Capital Programme:									

ANNEX 1 – CAPITAL

Budget Planner

Capital (One-off)			Primary	DR	Description/Comments
Hardware	Server		14000		Purchase of 2x servers to host Hyper V Cluster
	Desktop/Client				
	SAN/Disk				
	Network Hardware				
	Network Circuit				
Software	MS/Operating System				
	Standard Package				
	Application				
Manpower	Project Delivery				
	Consultancy/Training				

"MS/Operating System" defines anything that will impact on the Microsoft Enterprise Agreement by either consuming existing licenses or requiring new products or licenses to be acquired which need to be added to the existing MSEA

"Standard Package" defines anything that is identified as a common industry package (middleware products, SSL licenses, etc.) These items are likely to already exist in CDC service catalogue and hence having co-terminus renewal dates might yield cost savings for CDC if renewing higher volumes at the same time.   Please check with ICT to confirm if any items are Standard Packages

"Application" defines anything that is a unique application software package which probably occurs once in the CDC IS/IT landscape

Consider whether your project requires additional provisions to be made to provide Disaster Recovery capability in the event that the Primary solution is no longer available or cannot be accessed by Cherwell DC employees or agents. Please check with ICT for any extra requirements

ANNEX 2 – REVENUE

Budget Planner

Operational (Recurring)	Year 0	Year 1	Year 2	Year 3	Year 4	Renewal Date	Description/Comment
Hardware Maintenance	0	0	0	250	250		Ongoing server support for hardware support after 3 years has
Software/License Maintenance							
Software Product Support							
Additional Training							

Year 0 is the budget year in which the Capital Cost is incurred, so consider whether initial 1st year warranty provides suitable cover, or if it warranty should be negotiated out of the price so that it can be covered in Year 0 by adding or amending existing Maintenance and Support Contracts (if higher levels of replace/response are required).	Have 1st year Warranty and Support values been considered and negotiated in/out of the prices of the goods or services being requisitioned?	**Yes/No**

Year 0 value should also be pro-rata to the end of the current financial year	Has Year 0 value been pro rata adjusted?	**Yes/No**

If any item being procured is a pre-existing product or service, then renewal dates should be negotiated and synchronised so that they are all co-terminus to enable volume discounts to be negotiated at the co-terminus renewal date.	Has the Service catalogue been reviewed to see if there are existing Products or services with defined renewal dates?	**Yes/No**

Unless explicitly stated in contracts, maintenance and support renewal dates should default to be 12 months from the initial procurement date of the goods or service.   These should be added to the Calendar of the Core Software License Control Spreadsheet (and ITIL Change Management DB).

Regardless of the final treatment of line items as Capital or Revenue, the recurring operational items should be identified here to allow ICT to properly manage and plan for the eventual revenue impact of mantenance oand support of new proiducts and services.