



Cabinet
19 June 2017

**Report from the
Strategic Director of Resources**

For Action

Wards Affected:
[ALL]

Upgrade of ICT Network Infrastructure

Appendix 1 is not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of any particular person (including the authority holding that information)”

1.0 Summary

1.1 This report requests authority to award 4 contracts for ICT Network Infrastructure as required by Contract Standing Order No 88. This report summarises the process undertaken in procuring the contracts and recommends to whom the contracts should be awarded.

2.0 Recommendations

2.1 That Members award the contract for Lot 1: Protective Monitoring to Logicalis Ltd;

2.2 That Members award the contract for Lot 2: Network Performance and Diagnostics to Daisy Communications Ltd,

2.3 That Members award the contract for Lot 3: Data Centre Switching, Firewall and other Network Services to Daisy Communications Ltd, and

2.4 That Members award the contract for Lot 4: Office LANs and Network Security Devices to Daisy Communications Ltd.

3.0 Detail

Background

- 3.1 Brent procured and implemented its current network infrastructure in 2012, in preparation for the Civic Centre. The network was designed to provide Brent with a new security model, innovative for a local authority at the time, a design that delivered a lot of the facilities that were part of the Civic Centre IT offer, most notably:
- remote access for all staff from any device including personal devices (Bring Your Own Device – BYOD)
 - staff and public wi-fi with self-service registration
 - mobile working
- 3.2 The design delivered these facilities while at the same time ensuring the council's compliance with the security standards required for a local authority to perform its functions, including PSN (Public Sector Network) and PCI (Payment Card Industry).
- 3.3 The implementation was successful, allowing Brent to be significantly more flexible in its use of technology than a lot of other local authorities at the time, something that was recognised by the Local Government Association when they were evaluating Brent's IT offer against 5 other councils.
- 3.4 The network consisted of a core installed across both Brent's datacentres, and with the move of the council's second datacentre to Slough as part of Brent's shared service with Lewisham, this core is now shared between the two authorities, with all of Lewisham's infrastructure migrated to it.
- 3.5 As the equipment is approaching its 5th anniversary, the council's maintenance contract is coming to an end in 2017; additionally some of the components are already end of life and no longer supported with software updates from the vendor. At this point Officers would be looking to refresh the infrastructure in any case, however there are additional factors adding to the need for such a project.
- 3.6 The shared service is facing challenging budget pressures going forward and has aspirations to address them by generating additional income from offering IT services to other organisations. To do so Brent needs a network that is not only reliable and secure, but also one that allows the council to scale to more sites and devices without loss of performance, while allowing it flexibility in segregating organisations from each other.
- 3.7 Officers are currently in the planning stage of extending the shared service to the London Borough of Southwark, subject to approval by Cabinet in June 2017. This would effectively double the number of users connected to Brent's network.

- 3.8 The original objectives of the council's network implementation are still important to the business; flexible and mobile working facilities are essential to the way Brent operates.
- 3.9 Security has always been a key factor in the evaluation of any network solution, but as external threats become more sophisticated and new threats appear at a significantly more rapid rate, there is a need to invest in modern security tools over and above what was available to Brent in the past.
- 3.10 With the technology continuously moving and the increase in cloud based and internet facing services, it is vital that the council invests in infrastructure refreshes and is at the leading edge of network cyber security design to maintain Brent's position as a market leader in agile flexible and secure network provision to public sector organisations – Brent, LGA, Lewisham, Southwark and any more opportunities the council successfully explores going forward.
- 3.11 With the continuous pressure on staff resources, the council needs a wider range of monitoring and/or automation tools to make the most of existing staff while expanding Brent's user base, providing a more proactive service and being able to report more accurately on the performance of the services the council offers.
- 3.12 Experience gained from previous compliance audits has indicated that comprehensive monitoring and automation, previously a recommendation, is likely to become essential.
- 3.13 Network support has always been the most difficult area of recruitment; staff with specialist networking skills are always sought after and offered salaries well outside what a local authority can offer. Despite numerous efforts the council has failed to recruit staff in this area; the council has instead invested in training its staff, however when it comes to troubleshooting more complex issues, this is no substitute for engineers with a wider range of experience from multiple organisations, and the council has always had to resort to external support.
- 3.14 Cabinet approval to award these contracts is being sought as their combined value is above the High Value contract threshold of £500,000.

Requirements

- 3.15 The council's requirement is split into four separate lots, which address all the issues mentioned above:
- Data Centre Switching, Firewalls and other Network Services
 - Office LAN and Network Security Devices
 - Network Performance and Diagnostics
 - Protective Monitoring

It should be noted that all of the above will be procured for Brent and Lewisham and any devices procured for Lewisham will be their assets; in terms of Office LAN devices specifically, Officers have included in the specification a number of devices that are required by London Borough of Southwark, which, if purchased, will be Southwark assets.

Outline of Tender Process

3.16 Tenders for Lots 1 – 4 were invited from the Crown Commercial Service (CCS) Framework RM1045 Network Services. Lots 1 (Data Access Services) and 2 (Local Connectivity Services) were used. The tender opportunity was divided into the 4 lots:

Lot 1: Protective Monitoring

Lot 2: Network Performance and Diagnostics

Lot 3: Data Centre Switching, Firewalls and other network services

Lot 4: Office LANs and Network Security Devices

Tenderers were able to bid for any combination of the lots, with an opportunity to offer a discount should they be awarded all 4 of them.

3.17 Tenders were invited on 3rd March 2017, using the CCS eSourcing system. Of the 14 suppliers on both lots of the framework, 3 submitted tenders.

3.18 The Invitation to Tender stated that the selection of Suppliers to be awarded each of Lots would be made on the basis of the most economically advantageous combination, and that in evaluating tenders, the Council would have regard to the following:

- Technical Merit (70%)
- Delivery and Implementation Approach (20%)
- System availability and Service Levels (10%)

These quality criteria were then weighted against tender price in the ratio 70:30.

Evaluation Process

3.19 The tender evaluation was carried out by a panel of officers from Brent and Lewisham's IT departments, and Brent Procurement. The price evaluation was based on the Brent and Lewisham contract values. If Southwark joins the Shared Service following the boroughs' June Cabinet meetings, their hardware requirements can be purchased at the rates quoted in the tender for Lot 4.

- 3.20 All tenders had to be submitted electronically no later than noon on 10th May 2017. Tenders were opened on 10th May 2017 and 3 valid tenders were received. 2 suppliers tendered for all 4 lots, and one for Lots 3 and 4 only. Each member of the evaluation panel read the tenders using evaluation sheets to note down their comments on how well each of the award criteria was addressed.
- 3.21 The 3 suppliers were invited to attend presentation and clarification meetings on 15th and 16th May, where they presented their solutions and the panel asked, and received answers to, some clarification questions.
- 3.22 Subsequent clarifications were requested following the meetings, and upon receipt of this, the panel were able to finalise the scoring. The detail of the scoring is in Appendix 2.
- 3.23 The names of the tenderers are contained in Appendix 1. The scores received by the tenderers for each lot are included in Appendix 2. It will be noted that Tenderer B was the highest scoring tenderer for Lot 1, and Tenderer A was the highest scoring tenderers for Lots 2, 3 and 4. Officers therefore recommend the award of a contract for Lot 1 to Logicalis Ltd, and a contract for Lots 2, 3 and 4 to Daisy Communications Ltd.
- 3.24 It is anticipated that the contracts will commence in July 2017. As the proposed contract represents a call-off under a framework agreement, a mandatory standstill period is not required.

4.0 Financial Implications

- 4.1 The Council's Contract Standing Orders state that contracts for supplies, services or works exceeding £500k shall be referred to the Cabinet for approval of the award of the contract.
- 4.2 The value to Brent of these contracts over the five year period is above this threshold.
- 4.3 The capital cost of the contracts will be funded equally by Brent and Lewisham, other than Lot 4, for which Lewisham has a greater requirement than Brent. Lewisham are presenting a separate report to their Mayor & Cabinet to seek approval to award the contract. The elements procured specifically for Southwark (their device requirements in Lot 4) will be funded by them. The maintenance costs will be shared among Brent, Lewisham and Southwark in the ratio 30:25:45.
- 4.4 The cost of the Brent element of the procurement is as follows:

Lot 1:	£148,814.57
Lot 2:	£ 34,960.50
Lot 3:	£285,320.75
Lot 4:	£ 68,974.00
	<u>£538,069.82</u>

- 4.5 The Capital Investment Panel has approved funding for the capital elements of this contract for Brent. The capital elements of the above total £388,907.90, which is within this amount.
- 4.6 The contract is profiled such that the cost in year 1 will be the capital element of £404,207.90 describe above. Years two to five will be shared among the boroughs at a cost to Brent of £33,465.48, 30% of the total cost. This is the ongoing maintenance of the equipment and software which will be funded by the existing ICT Shared Service revenue budget.
- 4.7 Maintenance of the Southwark elements will be funded by Southwark until such time as they become part of the shared service and the shared service budget is adjusted accordingly.
- 4.8 The equipment and software procured under this contract will be owned by Brent and Lewisham; any other users of the network, including Southwark, will be charged for their usage. The only exception is the elements procured specifically for Southwark.

5.0 Legal Implications

- 5.1 The value of the proposed call off Contracts for Lot 3 is higher than the EU threshold for Supplies and the award of this contract is therefore governed by the Public Procurement Regulations 2015 (the "Procurement Regulations").
- 5.2 The award of Lot 3 is subject to the Council's own Standing Orders in respect of Medium Value Contracts and Financial Regulations with the award of Lots 1, 2 and 4 subject to the Council's own Standing Orders in respect of Low Value Contracts. Cabinet approval is therefore not technically required for the award of all Lots but for the reasons detailed in paragraph 3.143.14 approval of Cabinet is being sought
- 5.3 The Procurement Regulations allow the use of framework agreements and prescribe rules and controls for their procurement. Contracts may then be called off under such framework agreements without the need for them to be separately advertised and procured through a full EU process.
- 5.4 The Council's Contract Standing Orders state that no formal tendering procedures apply where contracts are called off under a framework agreement established by another contracting authority, where call off under the framework agreement is approved by the relevant Chief Officer and provided that the Chief Legal Officer has advised that participation in the framework is legally permissible. Legal Services have reviewed the Framework and is able to confirm that participation in the Framework is legally permissible.

6.0 Diversity Implications

6.1 The proposals in this report have been subject to screening and officers believe that there are no diversity implications.

7.0 Staffing/Accommodation Implications

7.1 The equipment procured under this contract will be replacing the existing equipment currently maintained by Shared Service ICT staff. It is anticipated that the new equipment will have a similar staff resource requirement to support it; any training requirements identified as part of the change will be met by the existing ICT training budgets.

8.0 Background Papers

8.1 Appendices

Appendix 1 (not for publication)

Appendix 2

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