

# CABINET

19 February 2024

<b>Title:</b> Procurement of an Internet Proxy and VPN Services Contract	
<b>Report of the Cabinet Member for Finance, Growth and Core Services</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
<b>Report Author:</b> Ben Davis, IT Procurement Lead	<b>Contact Details:</b> Tel: 07740561301 E-mail: Ben.Davis@lbbd.gov.uk
<b>Accountable Executive Team Director:</b> Jo Moore, Strategic Director, Resources	
<b>Summary:</b> <p>This report seeks permission for IT Services to conduct a procurement exercise to establish a new contract for Internet Proxy and VPN services for a period of 4-years (3+1 structure) from 1 August 2024 until 31 July 2028.</p> <p>Internet Proxies and VPNs are used by organisations globally to keep users safe and secure when using business devices. For definition purposes an Internet Proxy acts as a firewall – a network security device that monitors incoming and outgoing traffic - and web filter to protect users from cyber-attacks and loss of data. This sits on all Council devices and without its presence users are unable to utilise Council systems and the internet.</p> <p>A VPN or Virtual Private Network is a mechanism used by IT Services to create secure connections between individuals' devices and the wider Council network which is maintained by IT Services. Effectively allowing users to tap into the Councils services and remain connected. Paired together these solutions provide Council employees with a safe and secure working environment and are integral to the virtual safety and security of the Council, with deployment to every single Council device.</p> <p>Since 2017, IT Services have used the Z-Scaler platform via the reseller Xalient to deliver the Z-Scaler Internet Access and Z-Scaler Private Access products. The market since 2017 has matured and many more players are now able to provide an equivalent service. The current contract ends on the 31st of July 2024.</p> <p>IT service would like to engage in a procurement exercise using the Crown Commercial Services (CCS) 6100 – Technology Services 3 Framework Lot 3a – End User Services to implement a new four-year (3+1) contract for an Internet Proxy and VPN services provider. The total contract value should equate to no more than c£537,600 (inc VAT) over the four-years (c£134,400 (inc VAT) per annum), based on indicative costs to renew with the current provider.</p> <p>Any additional cost for an Internet Proxy and VPN service will be covered by the IT budget.</p>	

## **Recommendation(s)**

The Cabinet is recommended to:

- (i) Agree that the Council proceeds with the procurement of a contract for an Internet Proxy and VPN Supplier via the CCS RM6100 – Technology 3 Framework Lot 3a – End User Services in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director, Resources, in consultation with Cabinet Member for Finance, Growth and Core Services and the Head of Legal, to conduct the procurement and award and enter into the contract and all other necessary or ancillary agreements to fully implement and effect the proposals.

## **Reason(s)**

To accord with the Council's Contract Rules and the Public Contract Regulations 2015 and assist the Council to achieve its priority to "Provide value for money" through the procurement a more technologically and financially efficient product.

## **1. Introduction and Background**

- 1.1 In 2017, the Council's primary method of defending users when online were in the form of Microsoft Direct Access and a product named Bloxx Proxy. These solutions required IT Services to have physical appliances on site within the Borough and virtually in the Agilisys IaaS Data centre. During this period of time, innovations in Cloud technology were offering a different solution, one which required no physical presence, in an effort to increase the flexibility of the workforce, promote innovation and reduce costs, the Council opted to move towards a cloud-based Internet Proxy and VPN solution, moving away from the on-premises model that had served IT well.
- 1.2 A shift towards a cloud-based solution removed a number of limitations which had previously been in place with the older solutions, such as the requirement to continually upgrade and refresh network equipment every couple of years, the limit of 40% of the workforce being remote, and new users would be unable to connect, and also solved various routing issues which existed. The shift to cloud-based solutions also proved crucial in transitioning the workforce to a "working from home" model during the 2020 Covid pandemic and lockdown and has formed a crucial part of IT Services security policies and practices since its adoption in 2017.
- 1.3 Z-Scaler is the incumbent product currently being used to provide these services to the Council and have been in place as our provider since our transition to a cloud solution in 2017. At the time, they were market leaders in cloud-based proxies and VPNs and considerably further ahead than the rest of the market. Now, in 2023 the rest of the market has caught up and there are many more suppliers able to provide business standard proxies and VPNs. IT Services believe with the current contract coming to an end in July 2024, a new, potentially more efficient solution for the Council can be acquired.

## **2. Proposed Procurement Strategy**

### **2.1 Outline specification of the works, goods or services being procured**

- 2.1.1 As part of this procurement IT Services will be looking to acquire an Internet Proxy and VPN solutions provider, these two solutions can be described in detail as the following:

#### **Internet Proxy**

An internet gateway/proxy which inspects incoming and outgoing internet traffic between the internet and LBBDs staff devices, hosted in the cloud this device provides all user devices with a level of protection from the internet and the threats which exist there.

#### **VPN (Virtual Private Network)**

A cloud service that uses a distributed architecture to provide fast and secure access to the Councils IT infrastructure, most notably private applications which are key to Council services.

### **2.2 Estimated Contract Value, including the value of any uplift or extension period**

- 2.2.1 This contract is to be procured on a four-year term at a cost of c£537,600 (inc VAT) or £134,400 (£112,000.00 + VAT) per annum.
- 2.2.2 Any additional cost for an Internet Proxy and VPN service will be covered by the IT budget, this product is vital to the security and safety of users and is a must have for the service.

### **2.3 Duration of the contract, including any options for extension**

- 2.3.1 This contract will be procured for a four-year term in a 3+1 structure, with the 1 representing a single 12-month extension.

### **2.4 Is the contract subject to (a) the Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for services, are the services for social, health, education or other services subject to the Light Touch Regime?**

- 2.4.1 Yes the PCR 2015 and the contract is for Services

### **2.5 Recommended procurement procedure and reasons for the recommendation**

- 2.5.1 IT Services would like to complete a procurement exercise on the CCS 6100 – Technology Services 3 Framework Lot 3a – End User Services through mini-competition via the Frameworks recommended buyers guidance. This Framework is from 16 June 2021 and expires on 15 June 2025.
- 2.5.2 This process will involve an ITT supplied to all providers on the framework, an opportunity for response and then an evaluation and moderation of responses received.

2.5.3 This Framework has been chosen due to its high concentration of quality IT services resellers; IT Services believe this framework will provide the Council with the most high-quality competition to achieve the best value for money.

2.5.4 As Part of the procurement process, IT Services will be making it mandatory for any successful bidder to run a two-week Proof of Concept (POC). Due to the importance of this product in the IT infrastructure, it is imperative that it works without exception. Should the POC prove to be a failure then the contract will be terminated and the next best supplier from the evaluation process will be approached and asked to conduct the same process. On the completion of a POC to the standards and parameters set out by IT Service, the product will be fully implemented across the organisation and the contract will be validated.

## **2.6 The contract delivery methodology and documentation to be adopted**

2.6.1 This contract will be put in place for the 1<sup>st</sup> of August 2024, prior to this date the Council will work with the provider to implement the new technology in an implementation program, to ensure the new technology is in place before the current contract goes end of life.

2.6.2 Once implementation has been achieved and the new contract has gone live, IT Services will be responsible for all contract management throughout its lifecycle.

2.6.3 This contract will adhere to the T&Cs of the CCS Technology Services 3 Framework in which the supplier would have signed up to and accepted as part of the process of being on the Framework.

## **2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract**

2.7.1 This procurement is looking to procure a new technology provider for Internet Proxy and VPN services to streamline the new offering and reduce overall cost. This will be considered alongside the Council's overall virtual safety; as to not compromise one for another.

2.7.2 All considerations have been worked into the specification and requirements which will form the basis of the ITT and evaluation process.

## **2.8 Criteria against which the tenderers are to be selected and contract is to be awarded**

2.8.1 IT Services have decided to use the following weighting to assess potential suppliers:

60% Price

30% Quality

10% Social Value

## 2.9 How the procurement will address and implement the Council's Social Value policy

2.9.1 IT Services will work with the key Social Value stakeholders in the Council to ensure that a suitable Social Value set of questions are used as part of the overall procurement process. Any questions will directly relate to the Councils Social Value manifesto.

2.9.2 IT Services have also included a 10% Social Value weighting as part of the assessment criteria for all suppliers, any suppliers who fail to make an offering will not be considered as part of this process.

## 2.10 London Living Wage (LLW)

2.10.1 Not applicable.

## 2.11 How the Procurement will impact/support the Net Zero Carbon Target and Sustainability

2.11.1 Not applicable.

## 3. Options Appraisal

3.1 The following options were considered when initiating this procurement process:

Option	Considerations
Do Nothing (Rejected)	Both products hold a key role in the overall virtual safety and security of the organisation and therefore are essential.
Renew with Z-Scaler (Rejected)	The current contract with Z-Scaler comes to an end on the 31 <sup>st</sup> of July 2024, due to public contract regulations and the value of this contract, the Council must go out to market via competition and establish a new contract.
Alternative Framework – RM6259 Vertical Application Solutions Lot 1 (Rejected)	<p>The choice of Framework was between RM6100 – Technology Services 3 and RM6259 – Vertical Application Solutions, the choice ultimately come down to which framework could offer the highest quality of competition from the highest number of quality suppliers.</p> <p>Technology Services 3 had a slightly wider choice of potential suppliers and was chosen on this basis.</p>
Alternative Framework – G-Cloud 13 (Rejected)	Although easier to contract and a potentially quicker evaluation process, IT Services does not believe that G-Cloud 13 provides enough detail and information through their buying process to create confidence in purchasing, this is primarily down to the intricate nature of the solutions we are looking to procure and needing detailed information for any evaluation process.

#### **4. Waiver**

4.1 Not applicable.

#### **5. Consultation**

5.1 The proposals in this report were considered and endorsed by the Procurement Board on 18 December 2023.

#### **6. Corporate Procurement**

Implications completed by Sam Woolvett, Category Manager, Corporate Procurement

6.1 This report seeks approval to carry out a further competition from Lot 3 of the CCS 6100 – Technology Services 3 Framework. The Framework is live and enables local authorities to utilise the framework.

6.2 This approach complies with LBBDD's Contract Rules. As the value of this procurement exceeds the threshold for services under the Public Contracts Regulations 2015 (the Regulations), standstill periods will be adhered to.

6.3 Corporate Procurement will be advising IT Services throughout the tender process and assisting in drafting the further competition documents.

#### **7. Financial Implications**

Implications completed by: Gina James, Finance Business Partner

7.1 The report seeks permission for IT Services to conduct a procurement exercise to establish a new contract for Internet Proxy and VPN services for a period of four years (3+1 structure) from 1 August 2024 until 31 July 2028.

7.2 The indicative costs of the new contract are c£112k per annum. Although IT have a specific annual budget of £112k there is a risk that the costs will exceed the available budget. Any additional cost for an Internet Proxy and VPN service will be covered by the wider IT budget.

#### **8. Legal Implications**

Implications completed by: Yinka Akinyemi, Solicitor, Contracts and Procurement Law, and Governance.

8.1 This report seeks approval of the Cabinet to agree the strategy proposed in the report to conduct a procurement exercise to establish a new contract for Internet Proxy and VPN services for a period of 4-years (3+1 structure) from 1st of August 2024 until the 31st of July 2028 with a total contract value of £537,600.00 over the four-year period.

8.2 A procurement of this nature and value is subject to the requirements for a full competitive tender exercise in accordance with the Public Contracts Regulations 2015 ("the Regulations") and the Council's Contract Rules.

- 8.3 Procuring the services via an established, compliant framework agreement meets the requirements of the Regulations and the Council's contract rules, provided that the proposed framework agreement permits the Council to procure via that framework agreement and the call-off is made in line with the framework terms and conditions.
- 8.4 The framework proposed in this report permits the Council to carry out a procurement under the framework terms as it specifically permits all UK public sector bodies to procure services using its framework terms and conditions.

## **9. Other Implications**

- 9.1 **Risk and Risk Management** – A risk assessment has been undertaken and is set out at Appendix A.
- 9.2 **Corporate Policy and Equality Impact** - An Equality Impact Assessment Screening Tool has been completed and is attached at Appendix B.

**Public Background Papers Used in the Preparation of the Report:** None

### **List of appendices:**

- **Appendix A** – Risk Register
- **Appendix B** – EIA Screening Tool