

Report

11

Report to:	Finance and Information Technology Resources Committee
Date of Meeting:	1 February 2011
Report by:	Chief Executive

Subject:	Extension to Contract - Managed Information Technology Security Services
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Update on progress of the contract awarded in 2008 to Sopra Group/Secureworks Ltd. for the supply of a range of IT security services to the Council and to the Scottish Improvement Service
- ◆ Advise that an extension period of 2 years has been implemented as part the contractual agreement, which will commence on 1 July 2011.

2. Recommendation(s)

1.1. The Committee is asked to approve the following recommendation(s):-

- (1) that it notes the extension to contract of 2 years commencing on 1 July 2011 for the provision of managed IT Security services held by Sopra Group, as provided for in the contractual agreement
- (2) that the ongoing work of Information Technology Services with the contractors to develop the services provided to the Council and to the Scottish Improvement Service under the contract, be noted.

3. Background

- 3.1. The security of the Council's Information Communications Technology network and the information it holds is vital to the Council's operations. Threats to the integrity of corporate information assets are many, and new threats are constantly emerging. Most of these originate from the Internet and the Council's reliance upon the web as the means to deliver an increasing number of services tends to generate additional risk. Because the systems involved in delivering web services are accessible from anywhere in the world, protective controls need to be in place on a 24*7*365 basis to ensure adequate protection. These services are provided by companies specialising in IT security management.
- 3.2. In 2003, the Council implemented a contract with dns Ltd., an Edinburgh-based IT security specialist to provide 24*7*365 management of its security systems. This contract was for four years and expired in Dec 2007.

- 3.3. In 2005, the Council engaged with the Scottish Improvement Service to host its National Infrastructure, a large-scale IT system providing centralised public access to a range of public sector ICT services. The system is installed in the Council's Caird Centre. It was recognised that the National Infrastructure required a similar range of IT security services so a decision was taken to issue a tender for both requirements and establish a shared contract for IT Security management services.
- 3.4. The services to be delivered under the contract comprised:
- ◆ 24*7*365 monitoring of IT systems (firewalls, intrusion detection and protection systems, user authentication services) for evidence of inbound attack / infiltration, attempts to deny / disable services, plus incident response and management, and authorised remedial action
 - ◆ Hardware break / fix maintenance and software subscription management in respect of those IT systems
 - ◆ Technical consultancy, on a call-off basis, for the development of security policies and technical input to a range of IT projects
 - ◆ The means to procure future IT security services and systems
 - ◆ A dedicated service manager responsible for operational day to day operational management, activity reporting and ensuring compliance with service levels.
- 3.5. Following a procurement process carried out via the Official Journal of the European Union in late 2007, a three year contract was awarded to Sopra Group, a French company with a UK base in Edinburgh. Sopra Group was the existing provider of security services to the National Infrastructure and its bid proposed that it provide services in respect of the National Infrastructure and that a sub-contracted arrangement with dns Ltd. be established for the delivery of services to this Council.
- 3.6. The services provided to the Improvement Service are similar, though the complexity of the National Infrastructure, and the increased levels of security required of a central Government network, meant that its costs are considerably higher than those associated with the Council's contract.
- 3.7. The contract was agreed for a three-year term with a potential extension of up to two further years commencing on 1 July 2008.
- 3.8. The annual value of the elements of the contracted services provided to the Council at contract start was £50,500, of which approximately £14,500 was committed on equipment maintenance and licensing support with the remaining £36,000 related to the monitoring services element.
- 3.9. At December 2010, the total cost of services provided to the Council was £62,700, of which approximately £30,500 is related to maintenance and licensing support, with the remaining £32,200 ascribed to security monitoring services. The increases are largely due to increased licensing costs in respect of key hardware systems, the increased usage of security keyfobs and the implementation of a managed intrusion detection system.
- 3.10. The contract expires on 30 June 2011 and this report seeks approval to implement the contractual extension period, to expire on 30 June 2013. Work will begin on the procurement of a new contract for managed IT security services in late 2012.

4. Performance

- 4.1. Both contractors have satisfied the Council's requirements throughout the contract. They have delivered a proactive threat management and response service such that no successful attacks upon the Council's systems or those installed on the National Infrastructure have been sustained. Responses to service-affecting faults, where required, have been delivered according to the contractual response and repair times, and the licensing agreements in respect of individual items of equipment have been maintained up to date throughout.
- 4.2. As part of the negotiation of a contract extension, a review of contracted services took place in summer 2010, involving personnel from the Council, the Scottish Improvement Service and Sopra Group, and a number of recommended improvements were identified. Specifically, these were:
- ◆ Improved change management and communication processes in respect of frontline firewall and networking systems
 - ◆ Improved awareness-raising of emerging strategic security technologies by means of technology demonstrations and focussed discussions
 - ◆ Review of key systems to determine ways to reduce costs

The contractor accepted these recommendations and has embarked on a programme of works to address them. This work will be completed by Q1, 2011.

- 4.3. For the purposes of comparison, the contractor has extrapolated a projected monthly cost of around £26,000 per month should the Council wish to establish its own IT Security Management service to provide 24/7 monitoring and response to the security events detected by the network equipment. This compares to a contractual cost for managed services of around £2,700 per month.
- 4.4. Given the Contractor's satisfactory performance, and the on-going requirement to ensure the security of the IT infrastructure, the recommendation by Information Technology Services is that the contractual extension period be invoked. This recommendation is supported by the Improvement Service.

5. Employee Implications

- 5.1. None

6. Financial Implications

- 6.1. The value of the services supplied to the Council by the contractor during the two year extension period is anticipated to be around £150,000, depending on technological and business developments. These costs will continue to be borne by IT Services budgets. Overall costs for services provided in respect of the Improvement Service are estimated to be £650,000 over the two years of the extension period, depending on technological and business developments - these costs are recharged to Customer First.
- 6.2. Unit pricing for core professional services has not been subject to increase over the duration of the contract, other than when new services have been added to the scope of the contracted service. Overall costs for some aspects of the Improvement Service's operation have increased due to variations in the pricing of technology support contracts.

7. Other Implications

- 7.1. The Contractor has expressed a willingness to enter into a contractual extension period under the original Terms and Conditions.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.
- 8.2. The Council's Legal Services group was consulted regarding the contractual position relating to the proposed extension.

Archibald Strang
Chief Executive

20 December 2010

Link(s) to Council Values/Improvement Themes/Objectives

- ◆ Value: Accountable, effective and efficient

Previous References

None

List of Background Papers

- ◆ Tender and contract for the supply of managed IT Security Services.
- ◆ Various communications between the Council and Sopra Group in relation to the proposed extension
- ◆ Sample service management reports
- ◆ Sopra Group's estimate of the cost implications of providing threat detection and response services on a cost-per-incident basis

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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