

# Cheshire East Council

## Cabinet

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**Date of Meeting:** 18<sup>th</sup> October 2016

**Report of:** Peter Bates, Chief Operating Officer

**Subject/Title:** LAN Switch Replacement Project

**Portfolio Holder:** Cllr Peter Groves, Finance and Assets

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### 1. Report Summary

- 1.1. Projects / procurements above £1 million are deemed to be a 'key decision' of the Council and need to obtain 'Cabinet' approval. The purpose of this Cabinet paper is to provide the reasoning, and gain approval to award a contract to an appropriate accredited vendor, for the replacement and support and maintenance of all "End of Life, (EOL) and End of Sale, (EOS)", Local Area Network (LAN) equipment at an estimated cost of £3m for 7 years until December 2023.
- 1.2. The Public Service Network Code of Connection (PSN CoCo) is a mandatory set of requirements that must be demonstrated before local authorities in England and Wales can connect to the Government Secure Intranet (GSI) for them to receive a number of services from Central Government Departments such as DWP and Revenues and Benefits.

The annual CoCo, which has been in effect since September 2009, requires local authorities (LAs) to provide a compliance statement that documents how their information technology (IT) meets baseline requirements set up by the central government. The requirements are adopted from ISO 27001, a framework for assessing risk published by the International Organization for Standardization (ISO). The parameters for risk can be divided into four broad categories: technical, procedural, physical and human. The purpose of the PSN CoCo is for authorities to show that they are following good IT Security Governance and are protecting sensitive data traversing and traveling across the network and organisational boundaries. Additional guidance on how to maintain and provide effective controls is provided by CESG (the Information Security Arm of GCHQ). This guidance is continually evaluated, updated and is based on best practise principles around risk. Both Councils endeavour to follow this guidance to ensure that risks are minimised.

The enterprise infrastructure is continually assessed and monitored and audited to prevent malicious activity and breaches taking place. In

additional to PSN controls there are also requirements around PCI (Payment Card Industry controls) and GDPR (General Data Protection Regulation) which will replace the Data Protection Act. As the organisation moves to more flexible and shared working practises it's becoming critical that the Council's and 3rd party data is appropriately safeguarded and controlled. It is crucial that the organisational infrastructure is kept up to date and maintained. The LAN switches are one critical component in a complex environment and if not setup, configured, or patched correctly could become an opportunity for attack, resulting in fines, loss of reputation, and removal from our shared secure networks.

- 1.3. The purpose of this report is to highlight the risk of CWaC and CEC having a non-compliant PSN Network. It has been identified that a large number of the LAN switches on the corporate network, are no longer supported by the manufacturer, the (EOL) and (EOS) periods have passed. (Thus, the manufacturer no longer issues security patches or software and IOS upgrades.) The switches identified pose an ongoing risk to the councils. This will put the Council's network at risk of security breaches.

## **2. Recommendation**

- 2.1. That the Cabinet approves the procurement and award of contracts for the replacement of all EOL/EOS LAN equipment at an estimated cost of £3m over a seven year contract period, via the Crown Commercial Service RM1045 LOT 2 – Local Connectivity Services: in accordance with the Public Contracts Regulations 2015 and Cheshire East Borough Council's Contract Regulations
- 2.2. The Chief Operating Officer, in consultation with the Portfolio Holder, be authorised to prepare and undertake the procurement, including any contract negotiations, and thereafter enter into the contract with the successful bidder.
- 2.3. To authorise the Director of Legal Services to enter into all necessary contractual documentation with the successful bidder and other bodies intending to participate in the contract.
- 2.4. The recommendation is to procure and install replacement LAN equipment that will deliver a PSN compliant infrastructure for both councils. The requirement is to replace all EOL/EOS switches on the corporate LAN. There are 552 devices (over 232 sites) in scope at this time. The project will procure, order and implement the new hardware. The procurement will include support and maintenance contracts for five years, with an option for two 12 month extensions. The project will be implemented in a phased approach, phase one, 59 sites, will be replacing LAN equipment at sites that consume PSN services direct and public locations such as Libraries, Leisure Centres and Children's Centres. Phase two, 173 sites, will be completed by end of December 2017.

### **3. Other Options Considered**

- 3.1. There is no realistic alternative to the course of action proposed.
- 3.2. Note: We have established that using a framework to replace the hardware is the most cost effective approach when compared with leasing over a 7 year lifecycle. A report was conducted with Cheshire East's leasing partner, Arlingclose.

### **4. Reasons for Recommendation**

#### **4.1. Risk**

The Council conduct an annual IT Health Check in readiness for PSN CoCo. In discussions with the PSN Assessor, it was agreed that the replacement completed over an expected 12 -18 month period as each council would be unlikely to be able to fund the work in a single year. The PSN Assessor agreed this was a pragmatic approach on the basis the LAN Refresh Project was concluded by end of December 2017.

PSN Accreditation not being achieved could impact the business by:

- Inability to consume services over the PSN network or provide services to citizens
- Inability to receive Benefits data from DWP
- Inability to work with partners and other agencies, e.g. reciprocal Wi-Fi
- Inability to access PSN compliant shared service, such as "Tell us Once" and Electoral Registration Digital Service
- Council's reputational risk of being placed in to special measures

#### **4.2. Compliance**

The existing support and maintenance contract no longer supplies the levels of service required. The new contract for the support and maintenance of the LAN equipment must be provided by an accredited Partner to comply with PSN compliance and Cheshire East ICT requirements. With such accredited partners, we are give the required assurance around the numbers of certified engineers and enhanced level of support direct from the manufacturer. The incumbent support and maintenance provider does not have the Gold Partner accreditation required as part of PSN compliance and Cheshire East ICT requirements.

#### **4.3. Assets**

All of the LAN equipment which is EOL/EOS and in a lot of cases is in excess of 10 years old, and with these assets having been sweated far in excess of their expected lifecycle, the manufacturers are no longer supporting security patches. Thus, if a known threat is identified and a manufacturer's update is released, the updated release would not be issued to any equipment that was EOL/EOS. This is the same for any firmware, software and operating system updates and upgrades.

## **5. Background/Chronology**

- 5.1. The LAN Refresh has been a line item on the Infrastructure Programme for approx a year or so, originally anticipating that around 250-300 switches would be required to be replaced at an estimated cost of £750K per Council. Following a recent inventory and network review it has been exposed that there are in fact in excess of 550 switches needing investment to maintain compliance, at an estimated cost of £1.5M per Council.

## **6. Wards Affected and Local Ward Members**

- 6.1. There will be no detrimental effect to any Wards as a result of this proposal.

## **7. Implications of Recommendation**

### **7.1. Policy Implications**

- 7.1.1. No policy implications identified.

### **7.2. Legal Implications**

- 7.2.1. The value of this procurement at over £1,000,000 requires it to comply with both the Council's Contract Procedures and the Public Contracts Regulations 2015 (Public Contracts Regulations). The proposed procurement route using the Crown Commercial framework provides a compliant route for procuring the hardware and support and maintenance.
- 7.2.2. The procurement should be undertaken as soon as possible to minimise the risk of none compliance with the Payment Card Industry Controls, General Data Protection Regulation and the Data Protection Act.

### **7.3. Financial Implications**

- 7.3.1. It is planned to conduct an urgent Crown Commercial Services framework procurement, on a non-committal basis. This will allow us to appropriately stage investment along the lifecycle of the project, but is also an opportunity to rationalise the supplier base for network equipment for the Councils moving forward.

The Councils have Capital budgets available for this – Cheshire East from the Core Systems Stability Programme, and Cheshire West from their annual Essential Replacement budget.

Consideration will be paid to accommodation and facility strategies throughout the deployment to avoid the over ordering of hardware for redundant premises.

The £3m investment is expected to be expended within the first 12 months of the project and this will provide PSN CoCo compliance for the Councils for a further 6 years.

#### **7.4. Equality Implications**

7.4.1. No equality implications identified.

#### **7.5. Rural Community Implications**

7.5.1. No rural community implications identified.

#### **7.6. Human Resources Implications**

7.6.1. No human resources implications identified, as this paper relates to the provision and implementation of the technical solution required in order to achieve PSN compliance. Temporary resources from Cheshire East ICT Services will be utilised to implement the solution. The budget for this resource is contained within the project capital budget.

#### **7.7. Public Health Implications**

7.7.1. There are no public health implications. All equipment to be replaced is located in either locked cabinets within corporate buildings, or in comms rooms with restricted access. Certified ICT resources only will have access to plant rooms, data cabinets and LAN equipment.

#### **7.8. Other Implications (Please Specify)**

7.8.1. No other implications identified.

## **8. Risk Management**

- 8.1. If the proposals made in this paper are not approved at the Cabinet meeting, it will not be possible to meet the timescales agreed with the PSN Assessor for PSN CoCo compliance. The implications of this are that the Councils would be placed into special measures, or worst case scenario, the PSN connection is withdrawn, thereby endangering the Councils ability to deliver key services to citizens.

## **9. Access to Information/Bibliography**

- 9.1. The background papers relating to this report can be inspected by contacting the report writer:

## **10. Contact Information**

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