

Report Title: **Procurement of an ICT Managed Service Provider for the Building Schools for the Future Programme**

Forward Plan reference number (if applicable): **v55**

Report of: **Director of Children and Young People's Service**

Ward(s) affected: **All**

Report for: **Information**

### **1. Purpose**

1.1 This report is for information only and seeks to inform Members of the procurement procedure currently underway and progress made to date in the procurement of an ICT (Information and Communications Technology) Managed Service Provider (MSP) for the Building Schools for the Future (BSF) programme.

### **2. Introduction by Executive Member**

2.1 This report is to inform the Committee of progress with this major procurement exercise and the intended use of the new competitive dialogue procedure. The award of the contract for an ICT MSP for the BSF programme with a total contract value of approximately £28 million over a 5 year contract term will be a key decision.

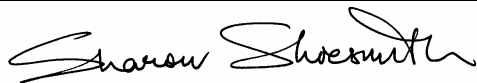
### **3. Recommendations**

3.1 That Members note the procurement procedure currently underway and progress made to date as outlined in this report.

3.2 That Members note that this is the first of three reports (two for information and the third for award of contract) for presentation at Procurement Committee to be scheduled at key stages of this procurement to keep Members informed of progress.

3.3 That Members note this procurement will eventually lead to seek Members' agreement as a key decision to award the contract for an ICT MSP for the BSF programme with a total contract value of approximately £28 million over a 5 year contract term.

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#### **4. Executive Summary**

4.1 The BSF programme aims to enable every local authority in England to rebuild, renew or renovate every secondary school and Haringey Council has secured approximately £194 million of BSF funding to spend on maintaining and improving their secondary school buildings and to build a new Sixth Form Centre, the funding available for ICT investment is approximately £28 million.

4.2 This report aims to inform Members of the Procurement Committee of the procurement procedure currently underway for the ICT element of the BSF Programme and progress made to date.

4.3 The outcome of this procurement intends to provide the Council with an innovative managed services solution to promote a 21st century ICT-enabled learning environment in Haringey's secondary schools (including the Sixth Form Centre).

#### **5. Reasons for any change in policy or for new policy development (if applicable)**

5.1 N/A

#### **6. Local Government (Access to Information) Act 1985**

6.1 The following background documents were used in the preparation of this report:

- 'Partnership for Schools' (PfS) website
- Procuring ICT Services – A Pocket Guide for the Public Sector; DLA Piper LLP
- BSF Guidance Note – How to Conduct a Competitive Dialogue Procedure; PfS & Bevan Brittan LLP

## **7. Background**

- 7.1 The BSF programme was launched by the Department for Education and Skills (DfES) in February 2003 and is the biggest single government investment in improving school buildings for over 50 years. The aim is to enable every local authority in England to rebuild, renew or renovate every secondary school over a 10-15 year period to bring the learning environment for Haringey's young people aged 11-19 into the 21st century.
- 7.2 Partnerships for Schools (PfS) is a Non-Departmental Public Body (NDPB), wholly owned by the DfES but jointly funded by DfES and Partnerships UK. PfS provide a range of specialists to work with local authorities to help develop the education vision and ensure that the BSF programme is delivered in the most cost-effective way for the taxpayer.
- 7.3 The investment is in the design and construction of school buildings and also in ICT to support the government's educational reform agenda. Haringey Council is a wave 2 local authority and has secured approximately £194 million of BSF funding to spend on maintaining and improving their secondary school buildings and to build a new Sixth Form Centre, the funding available for ICT investment is approximately £28 million.
- 7.4 The procurement of the construction and ICT elements are being managed as separate procurement projects under the BSF programme. This report aims to inform Members of the Procurement Committee of the procurement procedure for the ICT element only.

## **8. The ICT Managed Services**

- 8.1 The procurement of an ICT MSP for the BSF programme will result in the award of contract to a single supplier engaged to provide an innovative ICT managed services solution to promote an ICT-enabled learning environment in Haringey's secondary schools (including the Sixth Form Centre).
- 8.2 The scope of the ICT managed services to be provided by the MSP over a 5 year contract term will broadly include:
- 8.2.1 support and integration of existing legacy hardware and software applications
  - 8.2.2 design, supply, installation and testing of new ICT infrastructure to include network, hardware and software. This includes the provision of a core enterprise educational Management Information System (MIS) and Managed Learning Environment (MLE)
  - 8.2.3 support and training to assist secondary schools with the management of the transition over from legacy systems and in the implementation of new processes, equipment, systems and applications
  - 8.2.4 support of the new ICT infrastructure including maintenance and engineering services, user account management, helpdesk services, virus protection, security, back-up, disaster recovery and other core network services

8.2.5 service management and participation in ongoing operational and strategic service reviews to measure, monitor and manage the ICT MSP's contract and performance.

## **9. The Procurement Procedure**

9.1 The competitive dialogue procedure was selected as the appropriate procurement procedure in consultation with PfS and Eversheds, the BSF programme's external lawyers. Both PfS and Eversheds will continue to provide procurement and legal advice as appropriate throughout the procurement process.

9.2 The competitive dialogue procedure is a new procedure introduced by The Public Contracts Regulations 2006 (in compliance with EU public sector procurement directives) and came into effect in the UK from 31 January 2006. This procedure is designed for use in the procurement of 'particularly complex projects' and is particularly relevant for use in the procurement of complex ICT-enabled services and/or ICT systems.

9.3 The procurement of the ICT MSP for the BSF Programme is one of the first procurement projects to be conducted by the Council to use the competitive dialogue procedure.

9.4 Below is a brief overview of the competitive dialogue procedure:

9.4.1 Issue of the Contract Notice in the Official Journal of the European Union (OJEU)

9.4.2 Pre-qualification stage comprising evaluation of suppliers' Pre-Qualification Questionnaires (PQQs) based on pre-determined criteria and the selection of a longlist of bidders (normally 3 to 8) to invite to participate in dialogue (ITPD)

9.4.3 The aim of the dialogue stage is to "identify and define the means best suited of satisfying [the Council's] needs" and acknowledges the requirement in complex projects to discuss potential solutions, develop and refine ideas and options with bidders as part of the tender process.

- dialogue can be conducted in "successive stages" to reduce, in pre-defined stages the number of solutions/bidders involved in the tender process
- dialogue offers the greatest flexibility in the procurement procedure and should continue until the Council is satisfied it has identified and defined its requirements sufficiently with bidders to enable Final Tenders to be submitted.

9.4.4 Those bidders remaining in the tender process (normally 2 to 3) are invited to submit their Final Tenders based on the solutions identified during dialogue. Final Tenders are assessed in order to select the Preferred Bidder who has submitted the most economically advantageous tender

(MEAT) prior to award of contract in accordance with the Council's Contract Standing Orders (CSOs).

## **10. Progress Made In the ICT MSP Procurement**

- 10.1 The OJEU Contract Notice was dispatched for publication on 07 December 2006.
- 10.2 The deadline for submission of suppliers' PQQs was 19 January 2007.
- 10.3 The procurement is currently at the pre-qualification stage and PQQs have been received from 14 bidders and are currently being evaluated for:
  - 10.3.1 financial and contractual capability
  - 10.3.2 compliance with quality, health & safety, environmental protection & sustainability and equalities legislation
  - 10.3.3 track record in both project specific and partnering experience/technical capacity.
- 10.4 It is anticipated that a longlist of 3-8 suppliers will be selected and the first phase of a two phase dialogue stage will commence by mid-March 2007.
- 10.5 Dialogue is expected to continue until at least October 2007, with the evaluation of bidders' Final Tenders and selection of the preferred bidder made by December 2007.

## **11. Consultation**

- 11.1 This is an item published on the Council's Forward Plan V55 (15 December 2006-14 April 2007).
- 11.2 Consultation will take place throughout the procurement process with stakeholders in the BSF programme, including but not limited to representatives from secondary schools, the Council, PfS, Eversheds and Members of the Procurement Committee.
- 11.3 Consultation with Members of the Procurement Committee will take place with the presentation of a second report (for information) at around completion of the dialogue phase (anticipated to be in October/November 2007), and the presentation of a third and final report (anticipated to be in January/February 2008) to recommend the award of contract to the Preferred Bidder.

## **12. Contract and Performance Management**

- 12.1 The management of the ICT MSP's contract and performance will be fully prescribed during the dialogue phase of the procurement, but it is anticipated to be by means of regular service reviews to review performance against a Service Level Agreement (SLA) contractually agreed between the parties.

## **13. Summary and Conclusions**

- 13.1 The BSF programme aims to enable every local authority in England to rebuild, renew or renovate every secondary school and the outcome of this procurement intends to provide the Council with an innovative managed services solution to

promote a 21st century ICT-enabled learning environment in Haringey's secondary schools (including the Sixth Form Centre).

#### **14. Recommendations**

- 14.1 That Members note the procurement procedure currently underway and progress made to date as outlined in this report.
- 14.2 That Members note that this is the first of three reports (two for information and the third for award of contract) for presentation at Procurement Committee to be scheduled at key stages of this procurement to keep Members informed of progress.
- 14.3 That Members note this procurement will eventually lead to seek Member agreement as a key decision to award the contract for an ICT MSP for the BSF programme with a total contract value of approximately £28 million over a 5 year contract term.

#### **15. Equalities Implications**

- 15.1 Bidders' compliance with Equalities legislation is assessed during the pre-qualification stage of the procurement process.

#### **16. Health and Safety Implications**

- 16.1 Bidders' compliance with Health & Safety legislation is assessed during the pre-qualification stage of the procurement process.

#### **17. Sustainability Implications**

- 17.1 Bidders' compliance with environmental legislation is assessed during the pre-qualification stage of the procurement process.

#### **18. Financial Implications**

- 18.1 There are no direct financial implications of this report.

#### **19. Comments of the Director of Finance**

- 19.1 The Director of Finance has been consulted on this report and has no specific comments to make at this point in the process.

#### **20. Comments of the Head of Legal Services**

- 20.1 The contract to which this report relates has been advertised in the Official Journal of the EU, using the competitive dialogue procedure – a new procedure introduced under the Public Contracts Regulations 2006 for use in the procurement of complex contracts, which allows a procuring authority enter into dialogue with interested contractors prior to awarding a contract.
- 20.2 The Head of Legal Services has light-touch monitored the work of the BSF team's external legal advisers (Eversheds) in respect of this procurement and confirms that there are no legal reasons preventing Members from approving the recommendations of this report.

## **21. Comments of the Head of Procurement**

- 21.1 The Corporate Procurement Unit has worked closely with IT Services to ensure that the process undertaken is understood by all parties.
- 21.2 It is considered good practice to inform Members of the process undertaken and the progress to date, given the high profile nature and high market interest of BSF procurement activities, and because of the sums of expenditure involved.
- 21.3 The competitive dialogue process is untested by the Council but seems to be the most appropriate type of procurement.
- 21.4 Additionally, the procurement is being well-managed by IT services with the inclusion of internal consultant support. CPU have also been kept well-informed of progress.
- 21.5 The Head of Procurement notes the recommendations to Members and supports the recommendations.

## **22. Use of Appendices / Tables / Photographs**

- 22.1 None