



Haringey Council

[No.]

Agenda item:

Procurement Committee

On 24 June 2008

Report Title: **Procurement of an ICT Managed Services Provider for the Building Schools for the Future Programme – Award of Contract**

Forward Plan reference number (if applicable): **FP71**

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

Wards(s) affected: **N/A**

Report for: **Key Decision**

1. Purpose

1.1 To seek approval from the Procurement Committee for the award of the contract for an ICT Managed Service Provider as part of the Building Schools for the Future Programme.

2. Introduction by Cabinet Member

2.1 Securing an ICT Managed Service Provider in Haringey secondary schools is central to the Council's vision to achieve transformation in teaching and learning. The process of procuring this service has included extensive dialogue with schools and is a regular item on key stakeholder group meetings.

2.2 The solution has been developed with suppliers, through the competitive dialogue procurement process, which has shaped a service that meets the needs of the Council and its schools. I support the conclusions and recommend the report to the Procurement Committee.

3. Recommendations

3.1 That Members note the purpose of this procurement is to let a contract to a single supplier to provide a solution to supply and install all the required ICT equipment, software and networks for secondary schools in the Borough and provide a full Managed Service, maintenance and associated services for a minimum period of 5 years.

3.2 That Members note that following an extensive Competitive Dialogue, run under the EU Public Contract Regulations 2006, that final bids have now been received from

the two final bidders.

- 3.3 That Members note the evaluation process that has been undertaken, resulting in a Preferred Bidder being identified.
- 3.4 That the Procurement Committee approve an Award of Contract for the ICT Managed Service Provider under the Building Schools for the Future Programme to the Preferred Bidder in accordance with the Regulations and recommendations in the appendices to this report.

Report Authorised by:

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4. Chief Financial Officer Comments

- 4.1 The Chief Financial Officer has been consulted on the preparation of this report and notes that the cost of awarding the ICT MSP contract is budgeted for within the overall BSF cash limited budget. It should be noted, however, that the funding remains subject to the Final Business Case for the ICT MSP being approved by the Department for Children, Schools and Families and is also subject to schools' approval of the service agreement and their consequent contribution to costs (as outlined in this report).

5. Head of Legal Services Comments

- 5.1 The Council wishes to appoint an ICT Managed Service Provider to support its BSF programme.
- 5.2 The service has been tendered in Europe in accordance with the Public Contracts Regulations 2006 (the Regulations). The tender process which has been followed is the competitive dialogue process (Reg 18 of the Regulations).
- 5.3 The Council now has a preferred bidder which it wishes to recommend for award of

contract. The bidder is recommended for award on the basis of most economically advantageous tender in accordance with Contract Standing Order 11.01 (b).

5.4 Because of the value of the contract, the award must be made by the Procurement Committee under CSO 11.03.

5.5 The legal advisers to the programme are Eversheds Solicitors and they have prepared the contract documentation in respect of the project. The Council's Corporate Legal Service has been light touch monitoring the work of Eversheds.

5.6 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

6. Head of Procurement Comments

6.1 Corporate Procurement have been fully informed of this procurement throughout its lifecycle.

6.2 This is the first time that the Competitive Dialogue procedure has been used within the Council and it has therefore been carefully guided by Eversheds to ensure compliance with relevant EC Directives.

6.3 The Head of Procurement is satisfied that this project has been managed effectively and robustly and that the recommendations contained within this report offer overall best value for the Council.

7. Local Government (Access to Information) Act 1985

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

- Haringey "Building Schools for the Future" Strategic Business Case
- Outline Business Case – Volume 4 ICT Services
- The Public Contracts Regulations 2006
- Partnerships for Schools guidance on Competitive Dialogue

7.2 This report contains exempt and non-exempt information. Exempt information is contained in the appendices and is **not for publication**. Exempt information is exempt under the following category

;

(3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

8. Background

- 8.1 The BSF programme was launched by the Department for Education and Skills (DfES), now the Department for Children, Schools and Families (DCSF), 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.
- 8.2 Partnerships for Schools (PfS) is a Non-Departmental Public Body (NDPB), wholly owned by the DCSF but jointly funded by DCSF 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.
- 8.3 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 and 4 local authority and has secured approximately £194 million of funding (including contributions from the DfES, Learning and Skills Council and other associated funds), 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 .£25 million.
- 8.4 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 for the ICT element only.

9. Summary of the Competitive Dialogue Procurement Procedure reported to previous Procurement Committees

- 9.1 This is the final report to Procurement Committee on the ICT Managed Service Provider procurement, recommending Award of Contract. Four previous reports have been presented to Committee at key stages of the procurement procedure to keep Members informed of progress. The first report was presented to Procurement Committee on 13 March 2007 [Minute No. PROC44.], the second on 27 June 2007 [Minute No. PROC11.], the third on 27 November 2007 [Minute No. PROC35] and the fourth on 29 April 2008 [Minute No. PROC75]
- 9.2 The procurement is being conducted using the Competitive Dialogue procedure and commenced in December 2006 with the advertisement of the Contract Notice in the Official Journal of the European Union (OJEU).
- 9.3 Evaluation of suppliers' Pre-Qualification Questionnaires (PQQs) resulted in a long-list of 6 bidders to Invite To Participate in Dialogue (ITPD) ; the first of two stages in the Dialogue phase of the procurement which commenced in March 2007.

- 9.4 Evaluation of bidders' written responses to the ITPD and presentations resulted in a recommendation for a short-list of three bidders to be Invited To Continue Dialogue (ITCD); the second stage in the Dialogue phase of the procurement.
- 9.5 The recommendation for the long-list and short-list of bidders was approved by the BSF Programme Board on 13 March and 22 May 2007 respectively.
- 9.6 Initial Bids were invited from short-listed suppliers in September 2007, which were received on 12 October 2007.
- 9.7 The 3 short-listed bidders submitted Initial Bids and detailed evaluation and feedback to suppliers was undertaken.
- 9.8 In December 2007, the short-list of 3 suppliers was reduced to the final 2 bidders who have continued dialogue with the Council. This phase of dialogue has included a series of meetings to
 - 9.8.1 Refine the technical solutions being offered to ensure that they meet the requirements of Haringey's schools.
 - 9.8.2 Conduct detailed analysis of key components of the solutions (the Managed Learning Environment, for example)
 - 9.8.3 Ensure that proposals are affordable
 - 9.8.4 Agree the contractual terms that each bidder is offering
- 9.9 During February and March 2008, Secondary Heads have been engaged through a series of consultation meetings with the BSF team to ensure an understanding of the solutions, the impact at school level of the new service and the contractual terms.
- 9.10 Short-listed suppliers have also presented overviews of the solutions and approach to Secondary Heads

Authority to close the dialogue and to invite final bids was agreed by the BSF Board on 1st April 2008, subject to approval by Partnerships for Schools, which was obtained on 22nd April 2008, after bidder interviews with PforS. Final Bids were then invited and received on 25th April 2008.

10. Evaluation

- 10.1 All shortlisted bidder companies had satisfied minimum standards for;
 - Economic and financial standing
 - Technical and professional ability
- 10.2 Shortlisted companies had also been reviewed and provided evidence of conformance to standards in;
 - Quality

- Health & Safety
- Environmental Protection & Sustainability
- Employee policies
- Diversity

10.3 Final Bids received provided detailed written proposals of the solutions being offered and formal responses to questions raised during the dialogue. In addition they confirmed the detailed contractual position agreed during dialogue and fixed programme costings. Final Bids were evaluated using the following criteria and weightings which had been fixed throughout the dialogue process;

Criteria	Weighting
Partnering	18%
Delivery of a sustainable solution	17%
Service Delivery	15%
Commercial & Contractual	15%
Change and Transformation	13%
Integration	11%
Phased delivery	11%

10.4 Evaluation of Final Bids has been undertaken by a team providing expertise in the various components of the bids. The process has been structured so that no one individual or group would be reviewing the whole bid, but concentrating on their own areas of expertise. Evaluators and their areas of review were as follows;

Evaluators	Areas considered
Core group – schools representatives from the ICT Forum	Educational outcomes School content Interim Service and the impact on schools Local support arrangements Aspects of the technical solution
BSF ICT Team	Project Management arrangements Programme Governance Integration with Building Programme Interim Services Aspects of the technical solution
Haringey IT Services	Technical review
BSF Programme Accountant	Finance and Costings
Eversheds Legal	Legal terms and conditions

- 10.5 Evaluation of Final Bids also included schools representatives attending reference sites to see the systems proposed in live operation.
- 10.6 Both of the final bidders presented bids that were within the set budget for the programme
- 10.7 The outcome of this evaluation is outlined in Exempt Information – Section 17 of this report.

11. Financial Implications

- 11.1 The budget required to deliver the ICT Managed Service consists of BSF Capital funding, and revenue contribution from schools. Both budget elements are based on pupil numbers.
- 11.2 BSF capital funding totals £17.5m after allowing for costs incurred in procuring the Managed Service Provider. This budget sum will be formally confirmed once the Final Business case is signed off by DCSF – this document will also confirm whether any element of the capital grant should be converted to revenue funding based on the profile and nature of the expenditure. If this should be the case, the overall level of funding will be unaffected.
- 11.3 Schools have agreed to contribute £110 per pupil per annum (uplifted by inflation) as an operational contribution towards the ICT MSP. Agreements with schools will confirm their revenue contribution – assuming a 2.5% inflation uplift each year, this will yield a revenue contribution of £7.1m over the five year contract.
- 11.4 The total budget available to fund the ICT Managed Service Provider over 5 year contract period taking into account BSF Grant and Schools Contributions is £24.6m.

12. Legal Implications (Eversheds comments)

- 12.1 The ICT Services Contract is based on the March 2006 draft of the PfS ICT Services Contract, which has been amended to take into account the fact that the Council is contracting directly with the Managed Service Provider, rather than through a Local Education Partnership.
- 12.2 Derogations in relation to the ICT contract have been discussed and agreed with PfS and the bidders.
- 12.3 Payments are made by the Council in two ways: capital items such the ICT equipment is paid for through 'milestone payments', which are not payable until the relevant equipment has passed certain tests to demonstrate that it is operational. A monthly service charge is payable by the Authority for the ongoing

service elements of the contract. Deductions are made from this monthly payment if the parts of the Managed Service are unavailable or if the Managed Service Provider fails to achieve certain KPIs.

12.4 In addition to the ability to withhold funds from the Managed Service Provider, the Authority has the benefit of indemnities from the Managed Service Provider for losses caused by breach of the contract, breach of any intellectual property, and a breach of statutory duty caused by the Managed Service Provider.

12.5 Additional safeguards for the Council include;

12.5.1 Extensions. By agreement the Council can opt to extend the term of the Contract up to 5 years. Mechanisms are included to protect the Council against price increases for any agreed extension period.

12.5.2 Termination. Wide-ranging termination options are available to the Council in the event of Contractor breach or persistent minor breaches. The Council also has the protection of an ability to terminate for convenience.

13. Equalities Implications

13.1 There are no direct equalities implications of this report.

14. Consultation

14.1 Consultation was undertaken throughout the procurement process with stakeholders in the BSF programme, including but not limited to representatives from Haringey secondary schools, the Council, Partnerships for Schools, Eversheds (the Council's retained external Legal advisors) and Members of the Procurement Committee.

14.2 The Council's Heads of Procurement and Legal Services have also been consulted on a regular basis.

15. Recommendation

15.1 Following a detailed dialogue phase and lengthy analysis of final bids it is recommended that the bidder providing the most economically advantageous proposal, as outlined in Section 17, should be awarded the contract as the ICT Managed Service Provider in Haringey's Building Schools for the Future programme.

16. Use of Appendices / Tables / Photographs

16.1 List of Bidders invited to submit Final Bids (17.1)

16.2 Final Scoring against evaluation criteria (17.2)

16.3 Final Bid Prices (17.3)

16.4 Conclusion (17.4)