

## **REPORT OF THE CHIEF EXECUTIVE OF EDUCATION LEEDS**

### **REPORT TO: EXECUTIVE BOARD:**

### **SUBJECT: Leeds Building Schools for the Future and ICT Strategic Partner Procurements**

#### **EXECUTIVE SUMMARY**

##### **PURPOSE OF THE REPORT**

1. The purpose of this report is to seek the support of the Executive Board to scope changes in both the procurement of the ICT Strategic Partner (SP) and the procurement of the Leeds Local Education Partnership (LEP). These changes principally involve the removal of the maintenance and procurement of the ICT hardware from the Building Schools for the Future (BSF) Local Education Partnership (LEP) procurement and placing it within the SP Procurement. The ICT SP will thus be responsible for all in-school ICT once the new buildings are delivered.

##### **BACKGROUND**

2. The model for delivery of ICT in schools adopted by Education Leeds was set out in the Executive Board report dated November 2005. This model was predicated upon the need to ensure that the partners involved in BSF can deliver the educational transformational agenda and offer the greatest degree of choice to schools, as well as providing the opportunity to take forward the ICT strategy for education in the city. The model involves a three way service delivery by an ICT SP, the LEP and LCC IT Services.
3. The BSF LEP procurement has progressed through the initial evaluation stage resulting in Environments for Learning (E4L) and Investors in Communities (IIC) moving forward to the Optimum Bid stage. These bidders are now refining their bids which are due to be submitted at the end of August.
4. The SP procurement currently has two bidders (Serco & RM) and the Council, through Education Leeds, who are managing this procurement, are proposing to engage in a Best and Final Offer (BAFO) stage.
5. Following the initial evaluation of the bids for BSF, the BSF Project Team has re-evaluated the respective roles and responsibilities, interface issues and Value for Money (VfM) of the a three way delivery arrangement for ICT to ensure that tasks are allocated to the partner that is best able to manage them and the Council

maximizes its ability to achieve a VfM outcome. Following this review and discussions with Partnerships for Schools (PfS) the team are recommending that the hardware procurement and maintenance requirements for ICT are removed from the LEP procurement and placed with the SP as this provides a better value for money solution and significantly reduces the interface issues.

6. This change in scope will have no additional financial implications although approximately £16 million of BSF capital funding for hardware procurement will move from the LEP to the SP procurement
7. Under the Council's governance arrangements for Public Private Partnership/Private Finance Initiative (PPP/PFI) contracts – and under the separately approved arrangements for the SP procurement – change in project scope is a matter for Executive Board. The current point in both procurements mean this the most suitable time to give effect to the changes in scope, while bidders are pricing their bids and while there is still competitive pressure. Also, in both cases, it is likely that later changes will impact on the delivery of both procurements, including particularly the delivery of the BSF phase 1 schools in September 2008. Accordingly, the support of Executive Board is sought to the making of the changes in scope at this time so far as bidders are concerned.

## **RECOMMENDATIONS**

Executive Board is asked to:

- i) agree to support the movement of the procurement and maintenance of ICT hardware from the LEP to the ICT SP, and the issue of appropriate instructions at this stage to bidders in both procurements;
- ii) note the financial implications.

**Agenda Item:**

**Originator: Robert Douglas**

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## REPORT OF THE CHIEF EXECUTIVE OF EDUCATION LEEDS

**REPORT TO: EXECUTIVE BOARD**

**DATE: 20 SEPTEMBER 2006**

**SUBJECT: Leeds Building Schools for the Future and ICT Strategic Partner Procurements**

**Electoral wards Affected:**  
ALL

**Specific Implications For:**

Ethnic Minorities

Women

Disabled People

Narrowing the Gap

Eligible for Call-in

Not Eligible for Call-in

### 1.0 PURPOSE OF THE REPORT

The purpose of this report is to seek the support of the Executive Board to scope changes to both procurements, principally the removal of the hardware maintenance and procurement from the BSF Local Education Partnership (LEP) procurement and placing it within the procurement for the ICT Strategic Partner (SP) to ensure a more holistic ICT service to BSF schools and to reduce interface issues and simplify longer term management.

### 2.0 BACKGROUND INFORMATION

2.1 The model for delivery of ICT in schools adopted by Education Leeds was set out in the Executive Board report dated November 2005. This model was predicated upon the need to ensure that the investment provided through BSF can deliver the educational transformational agenda and offer the greatest degree of choice to schools, as well as providing the opportunity to take forward the ICT strategy for education in the city. The model involves a three way service delivery by an ICT SP, the LEP and Leeds City Council (LCC) IT Services. The roles of the three partners are summarized below:

- i) The SP will have a key role in developing the use of ICT as a tool to effect a step

change in educational performance of schools throughout the Leeds estate and ensuring the technology does not act as a barrier in this process. The SP will also provide key technical support services to the BSF schools and to other Leeds schools as a traded service and will work with LCC IT services to maximise the potential of the Leeds Learning Network (LLN) learning platform with Education Leeds and schools;

- ii) The LEP will have responsibility for the physical installation of ICT into the new buildings and all hardware purchases and maintenance within the BSF schools;
- iii) LCC IT Services will have responsibility for the wide area network and the delivery of email and internet access together with associated services such as citywide learning platform.

This original model was agreed as a compromise with PfS as it did not follow their preferred national model.

2.2 The BSF LEP procurement has progressed through the initial evaluation stage resulting in Environments for Learning (E4L) and Investors in Communities (IIC) moving forward to the Optimum Bid stage. These bidders are now refining their bids which are due to be submitted at the end of August. This is therefore a suitable point in the programme to make any proposed scope changes.

2.3 The SP procurement currently has two bidders (Serco & RM). The Council through Education Leeds, who are managing this procurement, are proposing to engage in a Best and Final Offer (BAFO) stage. This would be a suitable time to make any scope changes with regard to the SP. The Council will receive a better outcome whilst it can maintain the competitive process. It is anticipated that the SP project team will be in a position to name its preferred bidder in October 2006.

### 3.0 MAIN ISSUES - PROPOSED SCOPE CHANGE

3.1 Following the initial evaluation of the BSF bids the respective roles and responsibilities, interface issues and Value for Money (VfM) issues surrounding the three partners was re-evaluated to ensure that tasks are allocated to the partner that is best able to manage them and that the Council maximizes its ability to achieve a VfM outcome. Following this review and discussions with PfS the team are recommending that the hardware procurement and maintenance requirements for ICT are removed from the LEP procurement and placed with the SP as this provides a better value for money solution and significantly reduces the interface issues. The reasons for this change in strategy are set out below

#### 3.2 Removal of ICT hardware maintenance from the LEP Procurement

- This will significantly reduce the interface issues within ICT provision to BSF schools as the SP would then be responsible for, and take the risk for, specifying the hardware and providing for its maintenance thereby reducing the risk of conflict throughout the BSF programme life cycle.
- The current model has both LEP and SP potentially providing on-site technical support to schools. This does not sit well with a more integrated model of support provision, especially given the practical difficulties, in many cases, of identifying the source of an issue with individual items of ICT equipment;
- The removal of hardware maintenance from the LEP has clear benefits in terms

of the reduction of risk, VfM and service quality for schools. The SP will already have staff on the ground in the city and there will be no need for a second tier of support engineers provided through LEP to deal with the relatively small number of hardware faults which are identified. Nor will there be a need for a second tier of helpdesk support services provided by the LEP;

- Both SP bidders have indicated that they feel, for the reasons of service quality, VfM and interface management that it would be more appropriate to take this approach.
- E4L in particular as a LEP bidder has already suggested that hardware maintenance should sit with the SP and not the LEP.

### 3.3 Removal of hardware procurement from the LEP procurement.

The ICT technical team have carried out a qualitative VfM assessment of procuring the hardware through the SP and believe that this would be the most appropriate route for the following reasons:

- Simplification of the contractual arrangements which will assist an efficient procurement process
- Interface issues significantly reduced as all hardware risks are bundled and now sit with a single party which should provide VfM for the Council
- More incentive for SP to select the right hardware as it has full responsibility for all hardware related problems to either the Council or the LEP
- Should the hardware be procured by the LEP we may pay a price to cover the LEP's operating costs. The SP's costs are spread over a much larger cost base.
- Moves closer to the original PfS model with all ICT sitting with a single partner albeit not in the LEP;
- Should ensure that preferred bidder negotiations are reduced and proceed quicker, again leading to a more efficient procurement process.
- The interface for schools is simplified with schools having a single point of contact (the SP) for all ICT related issues.

It should be noted that the SP will only act as an agent in respect of the hardware procurement with a responsibility to set up an appropriate supply chain which provided VfM and meets Education Leeds' current and ongoing requirements.

3.4 Colleagues in corporate procurement have been consulted surrounding the change in the LEP and the SP procurement and have confirmed that the original Official Journal of European Union (OJEU) notice has sufficient flexibility to allow the SP to procure the hardware on the Council's behalf providing that they do this via an European Union (EU) procured route either separately or using Office of Government Commerce/British Educational & Technology Communications (OGC/BECTA) frameworks. Corporate procurement has also confirmed that hardware maintenance is also covered by the SP OJEU notice.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 This change in scope will have no additional financial implications although approximately £16 million of BSF capital funding for hardware procurement will move from the LEP to the SP Procurement

#### **5.0 APPROVALS PROCESS**

- 5.1 The BSF team has for some time been convinced of the need to make the proposed changes in the scope of the BSF and SP procurements. The case for the changes has been reported to, and has the support of, the 4 July 2006 Education PFI/BSF Project Board. However, it has been necessary to have the backing of PfS to the change, and this was only received on 5 July 2006.
- 5.2 Under the Council's governance arrangements for PPP/PFI contracts – and under the separately approved arrangements for the SP procurement – change in project scope is a matter for Executive Board. While appropriate reports will be submitted to Executive Board on these scope changes in due course, the project programmes for both procurements make this the most suitable time to give effect to the changes in scope, while bidders are scoping and pricing their bids, and while there is still competitive pressure. Also, in both cases, it is likely that later changes will impact on the delivery of both procurements, including particularly the delivery of the BSF phase 1 schools in September 2008. Accordingly, the support of Leader Management Team (LMT) is sought to the making of the changes in scope at this time so far as bidders are concerned.

#### **6.0 RECOMMENDATIONS**

- 6.1 Executive Board is asked to:
- agree to support the movement of the procurement and maintenance of ICT hardware from the LEP to the ICT SP, and the issue of appropriate instructions at this stage to bidders in both procurements;
  - note the financial implications.