

**Final Business Case**  
**(For approval to procure a partner to deliver ICT investment in the Sydney Russell and Dagenham Park CofE Schools)**

**London Borough of Barking and Dagenham**

V.2.1

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## TABLE OF CONTENTS

<b>1</b>	<b>EXECUTIVE SUMMARY</b> .....	<b>4</b>
1.1	Project Overview.....	4
1.2	Procurement/Competition.....	4
1.3	Finance and Affordability.....	4
1.4	Risk Allocation & Accounting Treatment.....	4
1.5	Contract & Payment Mechanism.....	4
1.6	Stakeholder Consultation.....	4
1.7	Statutory Processes.....	4
<b>2</b>	<b>PROJECT OVERVIEW</b> .....	<b>5</b>
2.1	Project Overview.....	5
2.2	The Corporate Vision.....	6
2.3	Strategic Overview.....	6
2.4	Key Estate Priorities.....	7
<b>3</b>	<b>OBJECTIVES OF THE PROJECT</b> .....	<b>7</b>
3.1	Project Description.....	7
3.2	Development of the ICT Output Specification.....	8
3.3	Scope of the solutions being delivered.....	9
3.4	The Phasing.....	10
3.5	ICT integration with the construction project.....	11
3.6	Sustainability.....	12
3.7	ICT and environmental sustainability.....	12
3.8	TUPE.....	13
3.9	Responsibility Matrix.....	13
<b>4</b>	<b>PROCUREMENT &amp; COMPETITION</b> .....	<b>13</b>
4.1	Encouragement of Competition.....	13
<b>5</b>	<b>FINANCE AND AFFORDABILITY</b> .....	<b>18</b>
5.1	Value for Money (VfM).....	18
5.2	Affordability.....	18
<b>6</b>	<b>RISK ALLOCATION &amp; ACCOUNTING</b> .....	<b>20</b>
6.1	Risk Allocation.....	20
6.2	Accounting Treatment – section not used.....	21
<b>7</b>	<b>CONTRACT AND PAYMENT MECHANISM</b> .....	<b>22</b>
7.1	<b>Contractual Documentation and Derogations</b> .....	<b>22</b>
7.2	<b>The ICT Services Contract</b> .....	<b>22</b>
7.3	ICT Payment Mechanism – Not Used.....	23
<b>8</b>	<b>DEROGATIONS</b> .....	<b>25</b>
<b>9</b>	<b>STAKEHOLDER CONSULTATION &amp; PROJECT MANAGEMENT</b> .....	<b>23</b>

9.1 Stakeholder Consultation.....	23
9.2 Project Management.....	24
<b>10 STATUTORY PROCESSES – section not used .....</b>	<b>26</b>
<b>APPENDICES .....</b>	<b>27</b>
<b>APPENDIX 1 – Risk Allocation Matrix &amp; Risk Analysis .....</b>	<b>.....</b>
<b>APPENDIX 2 – Affordability Analysis.....</b>	<b>.....</b>
<b>APPENDIX 3 – Letter from Section 151 Officer.....</b>	<b>.....</b>
<b>APPENDIX 4 – Bid Evaluation Process.....</b>	<b>.....</b>
<b>APPENDIX 5 – Derogations.....</b>	<b>.....</b>
<b>APPENDIX 6 – Cabinet Approvals.....</b>	<b>.....</b>
<b>APPENDIX 7 – Implementation Timetable .....</b>	<b>.....</b>
<b>APPENDIX 8 – Copies of LA/School Agreements – Not Used.....</b>	<b>.....</b>
<b>APPENDIX 9 – TUPE Action Plan – Not Used .....</b>	<b>.....</b>
<b>APPENDIX 10 – Matrix of Responsibilities .....</b>	<b>.....</b>
<b>APPENDIX 11 – Financial and Technical Pro formas as applicable to ICT only .....</b>	<b>.....</b>

## **1 EXECUTIVE SUMMARY**

### **1.1 Project Overview**

The Barking and Dagenham BSF ICT Project is to provide ICT equipment and resources to the Sydney Russell and Dagenham Park CofE Schools. This differs substantially from the original project as described in the OBC which was for equipment and resources, and a full managed service, for all schools. However, in order to capitalize on the procurement process, a range of optional and additional services will be offered by the ICT Contractor to all schools, which will be based on the original Borough-wide ICT Output Specification, and funded from schools' own resources.

### **1.2 Procurement/Competition**

A full EU Competitive Dialogue procedure was used for this procurement, which was undertaken separately from, but in parallel to, the procurement of a Local Education Partnership for the construction of the two sample schools.

### **1.3 Finance and Affordability**

The project is now for the sample schools only, with the same FAM funding as originally agreed for these schools. As such, the project remains affordable and represents value for money.

### **1.4 Risk Allocation & Accounting Treatment**

Not used.

### **1.5 Contract & Payment Mechanism**

The standard form ICT Services Contract has been used, with derogations agreed with PfS during the dialogue process. The final contract reflects the reduced funding envelope, the reduced number of schools, and the absence of a full managed service.

### **1.6 Stakeholder Consultation**

The Barking and Dagenham BSF project has the full support of a wide range of stakeholders. The ICT requirements were arrived at by the schools themselves, and the BSF ICT Steering Group has played a key role in the decision making process for all aspects of the ICT project.

### **1.7 Statutory Processes**

Not applicable

## **2 PROJECT OVERVIEW**

### **2.1 Project Overview**

- 2.1.1 The Barking and Dagenham ICT Project is to implement a common browser-based learning platform and integrated Management Information System in the sample schools but available to all schools across a new Wide Area Network, and to teachers, parents and pupils across the internet. BSF investment will be used to provide sufficient local networking and user devices to enable all staff and pupils in the sample schools to access the online environment wherever and whenever they need to within the school. This investment will be targeted in such a way as to bring about a step-change in the way ICT assets are purchased, deployed and managed in the sample schools.
- 2.1.2 For the sample schools, the Project will reduce the current dependency on frequent but spasmodic capital expenditure by greatly reducing the need for local processing. This will be achieved through moving away wherever possible from traditional processor intensive legacy applications to online content and online web-based applications and the concept of software as a service. This will have the effect of shifting ICT from a capital to a revenue base in future years, and will see life expectancy of user devices increase dramatically.
- 2.1.3 The Project involves a range of services to be offered to all schools: the Wide Area Network, the Learning Platform, the Management Information System (MIS) and a managed service. However, it will be up to individual schools whether they wish to purchase any or all of these additional services.

## **2.2 The Corporate Vision**

- 2.2.1 The corporate priorities set out in the SfC2 and OBC remain valid. The vision for transforming the educational experience of children and young people is set out in the Children and Young People's Plan.
- 2.2.2 The vision seeks to narrow the gap between vulnerable and disadvantaged groups and the rest of the population, and ensure that all children and young people reach their full potential and can access opportunities to improve their educational and economic life chances, underpinned with world-class ICT.
- 2.2.3 The LA defines transformation as moving decisively from the current rate of progress to a new accelerated, more challenging trajectory. BSF investment will assist the LA in "turning the curve". Currently, the rate of improvement is satisfactory to good, but the gap is not being closed fast enough. BSF investment provides the impetus and resource to achieve the necessary, sustained, acceleration in the pace of change and progress on attainment. The investment in ICT is to give access to learning throughout the schools wherever and whenever it is needed, and also beyond the school gates and the school day.

## **2.3 Strategic Overview**

- 2.3.1 All secondary schools have embraced the concept of 'anytime, any place' learning and a major feature of the Barking and Dagenham ICT strategy is the availability of a fully integrated and feature-rich Learning Platform linked seamlessly to online creativity tools, online content and a common management information system. This goal is shared by primary schools.
- 2.3.2 Both sample schools are to be based on a model of pedagogy which focuses on the concept of open, large classroom space throughout, allowing a "horseshoe" seminar-type desk arrangement, with no "back row". This minimises the disengagement of students who are disadvantaged because of their seating position, or their distance from the teacher, and it helps drive a more cohesive teacher-student classroom arrangement. This model facilitates a wide range of other classroom arrangements and is a crucial element of the BSF Programme.
- 2.3.3 This inclusive pedagogical model has largely been adopted across the schools, and has therefore impacted on the subsequent approach to the designs of the schools and their ICT strategy. Classrooms in the sample schools will make use of large, high-contrast wall mounted video displays, with generally much larger viewable area than a typical interactive whiteboard, which will be viewable by every student in the room, regardless of where they sit or if there is a light source reflecting off of the screen. The screens will be able to feature rich new media

content, and will be supported with the use of portable wireless slates, and visualisers. Significant evidence in LBBB's 4 year long ICT Test Bed Project, has shown the benefits of employing wireless technology and visualiser technology in the classroom.

- 2.3.4 Aside from the classroom structure, there are many other themes of commonality in the ICT strategy that will be widely adopted by LBBB schools, which is again reflected in the design work that has taken place. Making use of wireless networks and handheld devices in many of the schools will allow an open and free environment in which students and staff alike are able to access their work from outside the normal constraints that exist today.
- 2.3.5 Design of external play and covered areas has been considered in detail at all of the schools, to allow students the flexibility to access their personalised online networks from outside the boundaries of the classroom, when and where they want. This open ended design philosophy aims to build an element of future proofing to the school design, where it is envisaged that students will be becoming increasingly able to access their work, conduct research, and communicate with their fellow students and staff from over the entire school campus with the proliferation of wireless networking technology.
- 2.3.6 Security of students, staff and property is a key priority of this strategy. The open design of external space has focused on minimising areas that cannot be easily monitored by staff on duty, as well as the proposed CCTV technology, which will provide additional security outside of core school hours.

## **2.4 Key Estate Priorities**

As far as the sample school estate is concerned, the construction of new buildings will include a passive ICT infrastructure using Category 6 cabling and sufficient power and data outlets to meet the individual schools' ICT Output Specification requirements, a fibre optic backbone linking all zones, and a resilient connection to the sites from the Wide Area Network. The passive infrastructure will be complemented by appropriate wireless access coverage across the sites.

## **3 OBJECTIVES OF THE PROJECT**

### **3.1 Project Description**

- 3.1.1 The Project has changed since the OBC, in that originally the intention was to provide capital funding for all schools based on £1450 per pupil for 'active' ICT devices, and an additional £225 per pupil for the passive infrastructure delivered through the LEP. The project now provides capital funding for the two sample schools only, and the provision of a

range of additional services for all schools to choose from, funded by their respective revenue budgets.

3.1.2 The contract length is now for five years, during which time schools are able to purchase the additional services.

3.1.3 The Wide Area Network, the Learning Platform and an off-site support service are included in the capital allocation for the two sample schools for a period of one year. This is to ensure that the ICT contractor is able to deliver the ICT solution to the sample schools and is held accountable for the performance of that solution.

### **3.2 Development of the ICT Output Specification**

3.2.1 The BSF ICT Steering Group, with senior representatives from all schools and the Headteachers' ICT Champion, developed the ICT Output Specification. The LA facilitated the process through workshops and school based stakeholder engagement sessions, but the entire specification was written by the schools themselves. The LA did not produce a draft in advance, as it was thought that a 'blank sheet of paper' approach would produce maximum buy-in and ownership by schools. The final document was detailed and clear, offering bidders an unambiguous and demanding set of requirements to meet.

3.2.2 A key feature of the Output Specification was the common requirement for central services, interactive whole class teaching technologies, and wide and local area networking, and yet a wide diversity of requirements for user devices in schools based upon individual approaches to pedagogy. At no point was there an attempt to impose a ratio-based solution on schools based upon a particular type of user device.

3.2.2 Section 1b3 of the ICT Output Specification therefore includes reference to a wide range of user access resources. The LA and the schools believe that any new ICT infrastructure must be capable of supporting a hybrid landscape based upon particular local needs. Expressed in terms of today's technology, the hybrid landscape would include fixed and portable rich clients, and fixed and portable web clients. This hybrid landscape will be required within all schools, but the proportions of the various technology options will vary from school to school based upon their local needs. The ICT contractor is expected to be at the forefront of the delivery of web based applications, including feature-rich office applications, capable of the widest possible deployment to devices that are able to run a browser, including mobile phones.

3.2.3 Figure 1 shows, indicatively, how the different schools in Barking and Dagenham envisage learners accessing technology. The ICT solution needed to be flexible enough to cater for this variety of approach in the ways in which user devices would be deployed and accessed. In turn,



this would be likely to lead to flexibility and innovation during the period of the contract. All schools are shown for completeness, but the two sample schools are highlighted in the table.

Figure 1

<b>Learner toolkits (for non-specialist general learner use)</b>									
<b>Schools:</b>	<b>AS</b>	<b>BA</b>	<b>DP</b>	<b>EK</b>	<b>EY</b>	<b>JR</b>	<b>RC</b>	<b>SR</b>	<b>WA</b>
Portable standard form factor rich client	1000	1500	0	0	0	0	0	0	0
Fixed rich client or thin client	400	1500	1:1 in each class-room	1:1 In the school	1:1 in each class-room	1:1 in each class-room	1:1 in some class-rooms	1:1 in each class-room	1:1 in each class-room
Portable small form factor rich client	0	0	0	0	0	0	0	0	0
Portable small form factor web client	0	200	0	0	1700	0	0	0	1400
individual personal learner devices	No	Yes	No	No	Yes	No	No	No	Yes

### 3.3 Scope of the solutions being delivered

3.3.1 The scope of the ICT Output Specification is comprehensive, including all aspects of ICT in schools. As such, the scope includes MIS and connectivity to the National Education Network (NEN). It was assumed in the affordability modelling prior to procurement that WAN and connectivity revenue costs would rise significantly once responsibility transfers to the ICT Contractor. This proved not to be the case and both final bidders produced proposals for a new WAN that offered far better value for money than the existing arrangements.

3.3.2 Based on the experience of implementing the ICT Test Bed Project, the implementation of the LA-wide Learning Gateway and the existing costs borne by schools, published BSF pricing by supply chain providers such as broadband consortia, the LA believed that the requirements set out in the Output Specification were affordable, and this has proved to be the case.

- 3.3.3 The ICT Contractor will assume full responsibility for procurement, design and implementation for the sample schools' ICT requirements. and the Output Specification makes clear the expectations with regard to interoperability and the interface with partners.
- 3.3.4 The LA has no existing contracts for the supply of ICT services to schools and nor do individual schools have any contracts with other suppliers. As such there is no impediment to schools choosing to purchase from the range of additional services covered by the contract.
- 3.3.5 Although the decision was made to have a single accountable point of contact for all ICT services covered in the ICT Output Specification, prospective partners were expected to examine the current arrangements, particularly with regard to the data centre, connectivity and the Learning Gateway infrastructure, and to present Value for Money proposals that wherever possible maximised past investment. The LA did not expect, for example, a proposal to abandon the use of the LA's data centre without demonstrating the reasons, and why an alternative provision would represent better Value for Money.
- 3.3.6 Similarly, the ICT contractor is expected to decide how best to manage the deployment of networked ICT resources across the schools (such as the proportion of local site based and remote offsite servers). The LA and the schools will expect the ICT Contractor to integrate legacy equipment in such a way that maximises the value of past investment, and this has been incorporated into the contract.
- 3.3.7 The inclusion of MIS into the scope of the managed service was a unanimous decision of the schools and the LA. To leave MIS out of the scope could have led to potential difficulties to integrate the MIS with the learning platform, and possible disputes between the MIS supplier and ICT contractor. Also, not all schools currently use the same MIS, and schools are generally unhappy with the dominant supplier. The provision of a web based MIS which meets the ICT Output Specification is one of the additional services to be offered to all schools.
- 3.3.8 As MIS is included within the scope there is an opportunity to standardise MIS across all schools, and the migration to a possible new MIS would be facilitated by the ICT contractor and the ICT Contractor will be responsible for integration of the legacy or new MIS with the learning platform. This ensures that the provision of MIS falls within EU procurement law.

### **3.4 The Phasing**

- 3.4.1 All secondary schools and the existing special school were included in the same BSF wave. Now that capital funding is restricted to the two sample schools, there are two distinct parts of the ICT service. One is

the provision of the ICT solution to the two sample schools. The other is the provision of a range of optional additional services to all schools.

3.4.2 All schools had committed to an interim service that was expected to start as soon as possible following financial close (originally planned for 2nd August 2010 based on the planned financial close date of 26th July 2010), and would have involve TUPE at that stage. This would have had the following benefits:

- Potential for early draw-down of Capex for the establishment of central services, such as the learning platform, the WAN and the MIS;
- All schools being able to access central services at the same time;
- The ICT contractor to manage the integration of legacy resources and the phasing of new capital investment in each school;
- Transition to the full managed service to be the responsibility of the ICT contractor;
- Potential to maximise the value of interim investment by ensuring all procurement is via the ICT contractor's catalogue and therefore wholly compliant with the implementation of the full BSF managed service;
- Allows a relationship to develop with the ICT contractor prior to the full BSF payment mechanism taking effect;
- A separate managed service, outside the scope of BSF, offered to all the primary schools.

3.4.3 Now that capital funding is only available to the two sample schools, the LA nevertheless intends to capture some of the benefits outlined above through the provision of additional services to all schools funded from their own resources.

### **3.5 ICT integration with the construction project**

3.5.1 The ICT Output Specification was made available to the LEP bidders at the outset of the procurement, and the designs for the two sample schools have fully taken this into account. The planned implementation dates in Schedule 3 of the ICT Services Contract are aligned to the current planned completion dates for the two sample schools.

3.5.2 The ICT contractor has made available to the LEP selected bidder its design guide, and regular meetings have been arranged between the LEP and the ICT contractor leading to final sign off of the 1:50 drawings by the ICT contractor. Those elements of the ICT implementation that require fixings to the fabric of the building will be undertaken by the LEP in line with the Responsibilities Matrix (see Appendix 10) and the obligations defined in schedule 23 of the ICT contract, schedule 22 of the design and build contract and schedule 26 of the Project Agreement.

### **3.6 Sustainability**

- 3.6.1 As described in Section 2.1, an important objective of the Barking and Dagenham BSF project is to use the capital investment to leverage a step change in the way that ICT is purchased, deployed and managed in schools. The aim is to break the constant cycle of software and hardware upgrades requiring regular and substantial capital expenditure by moving towards software and content being available in a web browser for most general purpose applications in schools, including the management information system. By shifting away from local processing, server capacity in schools and at Authority level can be reduced, and user devices can be designed for a much longer useful life than has been the case in the past.
- 3.6.2 Much of the existing ICT equipment in the sample schools is of a specification easily able to run a web browser, and so will be retained for this purpose. This will enable the introduction of new equipment to be spread over the period of the contract. All new devices will be purchased with minimum five year warranties and have much longer total life expectancy.

### **3.7 ICT and environmental sustainability**

- 3.7.1 The LA and schools have a commitment to safeguarding the environment and consumer safety. It is our expectation that the ICT solution will have the minimum possible impact on the environment and meets best practice environmental standards. This will include ICT product designs, manufacturing and packaging, energy efficiency, and recycling.
- 3.7.2 The type of user devices needed by schools for most general purpose applications have considerably lower demands in terms of power and produce much less heat than traditional rich client PCs, thus enabling the LEP to allow for up to 32 such devices in a general purpose teaching room without the need for mechanical ventilation.
- 3.7.3 ICT Heat and Power assumptions have been agreed between the LEP, the LA and the ICT Contractor.
- 3.7.4 It is expected that user devices purchased by schools will increasingly become solid state with a corresponding decrease in heat output and power consumption.
- 3.7.5 During the procurement process, the LA negotiated a new type of availability deduction arising from the ICT contractor warranting the data on power consumption and heat output. Devices found to be consuming more power and producing more heat than specified in the catalogue, would be considered unavailable for the purposes of the payment mechanism. In the absence of the Full Managed Service and the Payment Mechanism, the ICT Contractor still warrants the heat and power assumption agreed with the LEP.

### **3.8 TUPE**

3.8.1 All staff originally identified for TUPE (30 in schools, and 2 in the LA) were been regularly consulted throughout the procurement process, particularly in relation to the planned Interim Service start date, and therefore the TUPE date of 2<sup>nd</sup> August 2010. However, since the appointment of selected bidder, formal consultation began with the unions and the staff. A consultation meeting was held on Friday 25<sup>th</sup> July with union representatives of the staff involved.

3.8.2 Once it was known that the capital allocation had been restricted to the sample schools, all consultation on TUPE ceased.

3.8.3 TUPE consultations will only resume if and when schools decide to procure a managed service as one of the additional services to be offered to all schools.

### **3.9 Responsibility Matrix**

A responsibility matrix has been agreed by the LEP, the Local Authority and the ICT Contractor and forms part of the respective contracts. The LA stands between the LEP and the ICT Contractor but has ensured that wherever possible any Authority obligations to one party are backed off to the other. The three versions of the matrix (in the ICT Services Contract, the PFI and the Design and Build contracts) are given in Appendix 10.

## **4 PROCUREMENT & COMPETITION**

### **4.1 Encouragement of Competition**

4.1.1 The project was advertised in the Official Journal of the European Union ("OJEU") on 31 July 2009 (OJEU reference 2009/S 148-217153) (the "OJEU Notice").

4.1.2 Prior to the issue of the OJEU Notice, the BSF Project Team undertook extensive pre-procurement market testing activities. These included contacting and setting up meetings with a large number of ICT companies identified by PfS as being potentially active in the BSF market; and attending PfS conferences, NAACE conferences, BETT, BSEC, and the Handheld Learning Conferences to engage with representatives of potential partners.

### **4.2 OJEU to Shortlist**

4.2.1 The Authority received 32 expressions of interest in the project following publication of the OJEU Notice.

4.2.2 Pre-qualification questionnaires (“PQQs”) were issued to those bidders who expressed an interest in the project. The following eight bidders completed PQQs:

4.2.3 Agilisys, Arvato, BTGS, Mass Consultants, RM Education, Synetrix, VT4S, Viglen

4.2.4 PQQs were evaluated using the criteria below:

Category	Weightings
Financial Information	40%
Contractual Matters	
Quality, Health and Safety, Environment, Employees	10%
Project Specific Experience	25%
Experience/Technical Capacity	25%

### 4.3 ITPD to Preferred Bidder

4.3.1 Following evaluation of PQQs, five bidders were selected to proceed to the next stage of the competition - issue of the Invitation to Participate in Dialogue (“ITPD”). Those bidders were:

4.3.2 Agilisys, Arvato, BTGS, RM Education, VT4S.

4.3.3 Following the ITPD evaluation, the following three bidders were taken forward to the next stage of the competition - issue of the Invitation to Continue Dialogue (“ITCD”):

4.3.4 Agilisys, BTGS, RM Education.

4.3.5 The evaluation criteria applied at ITPD, ITCD and Final Bid stage were as follows:

Overall weightings:

Category	Weightings
ICT	90%
Legal and Commercial	5%
Financial*	5%

#### ICT Sub-Criteria Weightings

Category	Weightings
Integration	10%
ICT Provision in Schools	20%
The Virtual Workplace	20%
Implementation and Transformation	30%

Interim Services	10%
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#### ICT Sub-Sub-Criteria

Category	Weightings
<b>Integration</b>	<b>10%</b>
Systems integration	3%
Integration with a built environment	2%
Integrated services for primary schools	3%
Interface	2%

Category	Weightings
<b>ICT Provision in Schools</b>	<b>20%</b>
In the sample schools	10%
Across all the schools	10%

Category	Weightings
<b>The Virtual Workplace</b>	<b>20%</b>
Wide area network	6%
Learning platform	6%
Associated services	4%
Environmental sustainability	4%

Category	Weightings
<b>Implementation and Transformation</b>	<b>30%</b>
Project and programme management	14%
Inclusion	6%
Specialist schools	3%
Extended schools	3%
Workforce remodelling	2%
Apprenticeships and vocational education	2%

#### Legal and Commercial Sub-Sub-Criteria

Category	Weightings
<b>Legal and Commercial</b>	<b>5%</b>
The Local Authority's expectation is based upon the risk allocation enshrined in SOPC4/BSF standard form ICT Services Contract.	
Draft Agreements	2%

Employment	1%
Pensions	1%
Commercial/Supply chain assembly	1%

#### Financial Sub-Sub-Criteria

Category	Weightings
<b>Financial</b>	<b>5%</b>
Affordability	1%
Transparency	1%
Cost certainty of proposals	1%
Robustness of financial proposals	1%
Economy / Efficiency of proposals	1%

#### 4.4 Preferred Bidder to Financial Close

4.4.1 Following the Authority's evaluation of Final Bids, RM Education plc was selected as the winning bidder. A cabinet meeting took place on 8<sup>th</sup> June 2010, at which RM Education plc was formally selected as the winning bidder.

4.4.2 RM Education plc was notified of its selection as the winning bidder on 16<sup>th</sup> June 2010 (following the call-in period) and "Alcatel" letters were issued to all unsuccessful bidders at the same time. The second place bidder was not retained as a reserve bidder.

4.4.3 The Selected Bidder letter was signed on 25<sup>th</sup> June 2010.

4.4.4 In the light of the announcement that capital funding would be restricted to the two sample schools, negotiations have continued with the Selected Bidder with the aim of keeping the two sample schemes intact and yet providing a mechanism for all schools to purchase additional services which would have previously formed part of their overall solution. This would have the effect of leveraging much of the work undertaken by the schools during the procurement process, and bringing about the benefits of a collaborative approach to ICT.

#### 4.5 Procurement Costs

4.5.1 The following table sets out the total costs for the ICT procurement, by category, from 2008 to April 2010:

##### ICT Procurement Costs 2008 to April 2010

##### External Adviser Costs

Financial	44,339.25
Legal	214,207.25
Technical	68,027.74



<b>Total</b>	<b>326,574.24</b>
<b>Internal Adviser Costs</b>	
ICT Lead	171,501.00
Programme Management	96,339.56
Project Direction	30,000.00
Internal Legal	35,000.00
Project Accountant	10,000.00
<b>Total</b>	<b>342,840.56</b>
<b>Additional costs</b>	
Stakeholder engagement	10,000.00
Electronic procurement and document management	13,400.00
<b>Total</b>	<b>23,400.00</b>
<b>Grand total</b>	<b>692,814.80</b>

4.5.2 Additional costs brought about by the decision to limit funding to the two sample schools, to the end of December 2010, are estimated to be £160,000.

## **5 FINANCE AND AFFORDABILITY**

### **5.1 Value for Money (VfM)**

- 5.1.1 As per the VFM assessment on conventional projects, the HM Treasury guidance on VFM is not applicable to ICT contracts in BSF.
- 5.1.2 As part of the evaluation process the costs of the solutions were evaluated by the ICT workstream and were considered to be 'on market' when compared to benchmarks and rates tendered by other bidders.
- 5.1.3 The costs remained within the funding envelope provided to bidders which reflects the estimated cost of the solution at OBC stage.
- 5.1.4 The Authority will purchase ICT equipment, in consultation with schools, at the appropriate time in line with their education and capacity requirements. ICT contract arrangements will ensure that schools are notified of latest changes in new technology and market developments through the ICT catalogue. Value for money for ICT equipment not purchased until just prior to the opening of the Sample Schools will be maintained through a baseline re-specification exercise within the ICT Contract
- 5.1.5 Following the Secretary of State's announcement on 5<sup>th</sup> July 2010 that only funding for sample schemes would be provided the Authority has agreed a revised solution to reflect this change in scope. The Authority has reviewed the solution and its costs and considers this continues to remain a VfM solution.

### **5.2 Affordability**

- 5.2.1 This section sets out the affordability position for the ICT Managed Services Contract in Barking and Dagenham's Wave 4 Sample Schools Project. The affordability position is based on the Selected Bidder ICT Managed Service Provider costs.
- 5.2.2 The Authority can confirm that it will manage its overall budget so that no DfE capital funding for BSF ICT will be used for revenue purposes.
- 5.2.3 While no managed service is in place, an enhanced warranty support service and performance guarantee is in place for the year following installation at a cost of £171k in the financial model.

#### **5.2.4 ICT project**

- 5.2.4.1 The ICT contract provides for the delivery of ICT services to sample schools in the Wave 4 project on the basis of BSF

funding being provided in accordance with the phased funding set out below:

<b>Year</b>	<b>Dagenham Park £</b>	<b>Sydney Russell £</b>	<b>Total Capital Funding, £</b>
2010/11	314,462	367,836	682,298
2011/12	1,677,130	1,961,791	3,638,920
2012/13	104,821	122,612	227,433
<b>Total</b>	<b>2,096,412</b>	<b>2,452,238</b>	<b>4,548,650</b>

5.2.4.2 The Selected Bidder has submitted a fixed price bid of £4.549m for the delivery of the ICT Services Contract. This is made up of £4.549m of milestone payments only. No revenue contributions are expected from schools.

5.2.4.3 Table of ICT Contract costs

<b>ICT Contract</b>	<b>Total Milestone Payments £m</b>	<b>Annual Service Charge £ (indexed)</b>	<b>School Annual Contribution (£/pupil) 2Q09</b>
ICT Contract	£4.549m	N/A	N/A

## **5.2.5 Authority and School Commitments**

### *Authority Commitments*

5.2.5.1 Formal executive approval of the affordability and budget strategy, risk capital investments and contract award for BSF is on the agenda for the following forthcoming meeting:

Cabinet – 21/12/10

5.2.5.2 The financial position and budget strategy remains materially unchanged from the OBC. Formal Member approval will be secured for the budget strategy and affordability assessment at the meeting outlined above.

5.2.5.3 The Authority has regularly updated the BSF Project Board, which

includes Members, on the affordability position and the financial strategy with regards to funding the project. The S151 officer is also a member of the Project Board providing input and direction on the financial strategy. The budget strategy has been developed throughout the project and remains valid as value for money and affordability have been maintained from OBC through to final bids as demonstrated in this FBC. A letter from the S151 officer is included at Appendix 3, which confirms the affordability position in advance of Cabinet and Council approval to enter into the BSF contracts on the basis of the affordability, investment and risk share parameters set out in this FBC.

- 5.2.5.4 Cabinet approval to select RM Education plc as the Selected Bidder and proceed towards contract award on the basis of the terms agreed with RM at Close of Dialogue was secured on 8<sup>th</sup> June 2010. The relevant Cabinet minute is included at Appendix 6

#### *Governing Body Commitments*

- 5.2.5.5 There is no requirement for Governing Body Agreements as no funding is provided by schools. Schools will maintain assets in line with their existing Asset Management policies

## **6 RISK ALLOCATION & ACCOUNTING**

### **6.1 Risk Allocation**

6.1.1 Generally, the Authority's approach to risk allocation has been in accordance with the standard BSF model with derogations minimised as far as possible. Derogations from the standard form contracts are set out at Appendix 5. In order to ensure a competitive procurement it was agreed as part of the OBC approval process that the LEP (Construction and maintenance) and ICT procurements would be separated and run in parallel. The Authority recognised that this created additional interface issues between the LEP and ICT contracts which are usually managed by the LEP in the standard BSF model. The approach taken to mitigate this interface risk is detailed below and has been discussed and agreed with the Authority's legal advisors, both the ICT and LEP bidders during dialogue and with PfS and IUK prior to close of dialogue.

6.1.2 It was decided during dialogue with the final two ICT bidders and with the two LEP bidders that the ICT implementation would only take place after practical completion of the buildings and any failure on the part of the ICT contractor to complete the ICT implementation would have no effect on building delivery and availability as far as the LEP is concerned.

6.1.3 Those aspects of the ICT implementation that would normally need to

take place during the construction phase of the new or remodelled buildings will still take place but will be undertaken by the LEP under instruction from the ICT contractor. The ICT contractor will be responsible for signing off all the final stage drawings, and for providing items of ICT equipment needing to be fixed to the fabric of the building but funded from the ICT contract. This means that items such as monitor or display screen mounts and projector mountings will be delivered to the LEP for the LEP to install. Failure of the ICT contractor to do this will not affect practical completion of the buildings.

- 6.1.4 Building control and security systems will share the ICT fixed infrastructure installed by the LEP and will be patched to active components procured by the LEP. Therefore the ICT contractor will not have to undertake any work prior to the commissioning of these systems. After practical completion, the ICT contractor will be responsible for providing any required interfaces with the ICT systems procured and installed as part of the ICT implementation.
- 6.1.5 A detailed allocation of responsibilities, effectively between the LEP and the ICT contractor although through the Authority in all cases, is given in Appendix 10. In achieving this split, the Authority has accepted the principle that there is time required by the ICT contractor after buildings are completed but before they can be occupied, and has reached agreement that this is 4 weeks.
- 6.1.6 There is no interface agreement between the LEP and the ICT contractor. Interface responsibilities in accordance with the matrix are described in schedules to the contracts between the Authority and both the LEP and the ICT contractor respectively.

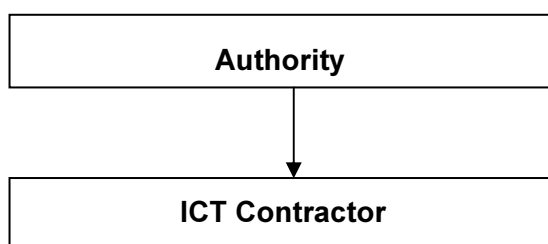
## **6.2 Accounting Treatment – section not used**

## **7 CONTRACT AND PAYMENT MECHANISM**

### **7.1 Contractual Documentation and Derogations**

7.1.1 The Authority has adopted the standard form ICT Services Contract, however, the Authority has undertaken a split LEP and ICT procurement for its Wave 4 BSF project.

7.1.2 The contractual structure is as follows:



### **7.2 The ICT Services Contract**

7.2.1 The BSF standard form ICT Services Contract does not anticipate a split procurement. It has, therefore, been necessary to amend the ICT Services Contract to take account of the various interface issues that may arise during the life of the ICT Services Contract.

7.2.2 Unlike more traditional BSF procurements, there are no interface agreements. Instead, the Authority has opted to manage the interface between the various parties itself. It is the Authority that stands between the LEP, PFI, D&B, FM and ICT contractors (the “Contractors”). This approach has resulted in bespoke interface provisions being incorporated into the main body of the ICT Services Contract.

7.2.3 An interface schedule has been incorporated into the ICT Services Contract to deal with the interface between the Contractors. The interface schedule and accompanying interface responsibility matrix has guaranteed the full integration of the ICT/ICT services into the overall BSF programme.

7.2.4 In relation to the Authority’s interface obligations, where possible these obligations have been fully handed down to the contractor in the best position to deal with such obligations - ensuring that the Authority’s liability is sufficiently “backed-off”. Such that, in the event that a contractor is in breach of its contractual obligations (the “Defaulting Party”) under one contract, which in turn causes the Authority to be in breach of its obligations under another contract, the Authority will be able to recover any losses/damages that it has incurred as a result of that Defaulting Party’s breach. The Authority takes the interface risk of

a Defaulting Party, which in turn affects another contractor. The Authority does not, however, take this risk where a contractor is not performing, but that non-performance is not the contractor's fault (e.g. a force majeure event or relief event occurs). In such circumstances, each party takes equal "interface risk".

7.2.5 The ICT Contractor is required to provide the ICT services for a minimum term of five years. During the life of the ICT Services Contract, the Authority is entitled to request a range of "additional services" to be provided at all or some of the schools for the term of the agreement (for a price to be agreed by the parties at that time). These additional services are set out in Schedules 1 and 2 of the agreement. The Authority is under no obligation to request the additional services but this approach ensures that the Authority has the flexibility it needs, going forward, to adapt the ICT Services according to the educational requirements at any given time.

### **7.3 ICT Payment Mechanism – Not Used**

## **8 Derogations**

The Authority has negotiated and submitted a number of derogations that have been agreed by PfS. The agreed derogations are attached to this document as Appendix 5.

## **9 STAKEHOLDER CONSULTATION & PROJECT MANAGEMENT**

### **9.1 Stakeholder Consultation**

8.1.1 The ICT Steering Group, with senior management representatives of all the BSF schools, agreed the composition and membership of the ICT evaluation team, with the Headteacher of Sydney Russell School (and Headteachers' ICT Champion) as chair. Throughout the procurement process the ICT Steering Group met regularly to review progress with the procurement, and in particular to receive presentations from the bidders at the ITPD and ITCD stages. Other stakeholders across the Council were also invited to these presentations. The BSF Project Director and the ICT Lead Officer also attended the monthly Headteachers' meetings to report on progress.

8.1.2 Following a presentation by the ICT Lead Officer to all of the Primary Headteachers, this group nominated two primary headteachers to work with the BSF team and the selected bidder on the range of proposals on offer to primary schools which are outside the scope of BSF, but nevertheless formed part of the evaluation criteria. The selected bidder also presented to the Primary ICT Conference on 24<sup>th</sup> June 2010.

8.1.3 The ICT Steering Group met on the day that the selected bidder was

announced and received a presentation on the characteristics of the winning bid. The group enthusiastically endorsed the decision and indicated a desire to bring forward the adoption of central services by all schools during the interim services period by as much as possible.

8.1.4 The Secondary Headteachers, at their meeting on 18<sup>th</sup> June 2010, committed to supporting half-termly meetings of the ICT Steering Group during the first year or so of the contract, and termly meetings thereafter through to contract end. At this meeting, headteachers also agreed to support the process of signing the Governing Body Agreements with the Authority for schools' contributions to the interim and full services.

8.1.5 A subsequent Secondary and Special Headteachers' Conference on 1<sup>st</sup> July 2010 enthusiastically reaffirmed all schools' support for the contents of the original version of this Final Business Case, including the early start of the Interim Service.

## **9.2 Project Management**

### **9.2.1 Project Team**

9.2.1.1 The Authority has a single project team for the BSF programme and a single Project Director overseeing both the LEP and ICT procurements. Day to day management of the ICT procurement was delegated to the ICT Lead Officer, supported by external programme management and technical advice. Both procurements were supported by education consultants, the BSF Change Manager, and the Communications Manager. In addition, the BSF ICT procurement has benefited from the active participation of LA ICT advisory staff and the City Learning Centre. The ICT Lead Officer was previously the Authority's most senior education ICT inspector/adviser.

9.2.1.2 Post financial close, the ICT Lead Officer will have responsibility for addressing interface issues between schools, the Authority and the ICT contractor. For the optional additional services, the ICT Steering Group will be the main interface forum for the schools and the ICT Contractor, and this will be facilitated and supported by the Authority-funded ICT Lead Officer, being responsible for the formal monitoring of the ICT contract, and also the interfaces between the LEP and the ICT contractor for the Sample Schools Projects.

9.2.1.3 The team that procured the ICT contractor will be the same team that will work with the contractor on the implementation.



### **9.2.2 Project Board**

The Council's BSF Project Board has overseen the entire BSF Project. Membership of the Board has included Members, officers from across the Council, external advisers (including Partnerships for Schools) and representatives from Schools.

### **9.2.3 External Advisors**

Eversheds – Legal Advisers for procurement and the ICT contract.

Grant Thornton – Financial Advisers for the Payment Mechanism, affordability and value for money.

Currie and Brown – specialist ICT advice and programme management

**10 STATUTORY PROCESSES – section not used**

**APPENDICES (Available separately)**

**APPENDIX 1 – Risk Allocation Matrix & Risk Analysis**

**APPENDIX 2 – Affordability Analysis**

**APPENDIX 3 – Letter from Section 151 Officer**

**APPENDIX 4 – Bid Evaluation Process**

**APPENDIX 5 – Derogations**

**APPENDIX 6 – Cabinet Approvals**

**APPENDIX 7 – Implementation Timetable**

**APPENDIX 8 – Copies of LA/School Agreements Not Used**

**APPENDIX 9 – TUPE Action Plan – Not Used**

**APPENDIX 10 – Matrix of Responsibilities**

**APPENDIX 11 – Financial and Technical Pro formas as applicable to ICT only**