

Gateway Three

Officer Delegated Decision Report - Procurement

For All Procurement Awards, Waivers, Contract Extensions & Variations

Network, Portal and Management Services Agreement	Contract Requisition Number

Wards	All Wards
-------	-----------

Report authorised by: Debbie Jones, Executive Director CYPS

Report Prepared and Submitted by:

Lead officer's name title, address and phone number:	Mike Pocock, Divisional Director BSF
--	--------------------------------------

Is this report for a request to recommend approval for a waiver to procurement rules?

Yes No

PB Date:	30 November 2010 ✓
SPB Date:	15 Sep 2010 <input checked="" type="checkbox"/> N/A
Department:	CYPS
Business unit code	565.5761
Business unit:	BU- 565
Name, phone and mobile numbers of presenter:	David O'Neill- ICT Strategy Manager – BSF – Ext 63225

Executive Summary

This Local Authority ICT service procures broadband and a range of associated services on behalf of schools. It is partly funded via the Standards Fund (Harnessing Technology) although this fund has been reduced for 2010 to 2011, there are sufficient funds remaining to fund this contract as we will not be making the usual devolved payment to schools. This year, the fund will be targeted at paying for the core functions of the LGfL and the roll out of the London Managed Learning Environment to primary schools to enable them to meet the non statutory expectation of a parent portal. The London Grid for Learning, (LGfL) is a service set up by all London Authorities and subscribed to by all London's 33 Local Authorities. This service provides connectivity to the Internet and other services as listed below to all schools in Lambeth. The service offers comprehensive access to materials which contribute to raising standards, improving efficiency, allowing pupils to have access to educational materials in a safe managed environment and follow government requirements and guidelines, particularly, non-statutory requirements for online reporting to parents. Among the services provided by the LGfL to schools are the following:

- Ethernet connection to the grid, giving fast secure access to the Internet, LGfL content and the Council intranet
- URL filtering (essential to safeguard children).
- Anti-virus software for schools and home use by teachers
- A secure filtered email system for staff and pupils
- Premium online content to enhance teaching and learning through ICT
- The London Managed Learning Environment (LMLE)
- Web space for school websites
- Comprehensive help for e-Safety and safeguarding
- Support for learning and teaching through the LGfL Curriculum Consultants

Currently there is a valid contract in place with the LGfL. The initial contract period has expired. The contract start date is the 1/11/2001. The total spent this year will be £950,000 from the 1 April 2010 to July 31st 2011 on this project. This report seeks a partially retrospective approval to commit to this expenditure under delegated powers.

The Wandsworth report said "The estimated annual saving across London local authorities from the activities of the Trust equals **£131,000,000 against list prices.**"

The original OJEU notice issued by the LGFL for broadband is attached for reference. The LGFL balance sheets can be evaluated via the attached LGFL accounts. Further information is available

The LGfL has exposed broadband services to competition to secure best value for the period ahead; the contract award announcement was in December. The contract for London wide broadband has been awarded to Virgin from August 2012.

The view of corporate ICT is that prices being offered today are not good value in comparison to the current market. However they are likely to be cheaper than could be secured outside of such a framework. The rates that have just been secured for the LGFL moving forward are much better for schools.

Summary of Financial Implications

Schools pay an annual subscription for broadband which is invoiced annually by the LGfL to the LA. The LA pays the invoice from the Harnessing Technology Standards Fund (HTSF) and schools are recharged the actual cost of their broadband subscription. The amount of recharge for 2010 – 2011 is around £430,000

The LA, through the HTSF, pays for the core charges which include the core connection, anti-virus, email, URL filtering, premium content and support from the LGFL Curriculum Consultants. If Harnessing Technology is completely withdrawn in 2011-12 then schools will be exposed to the full cost of the core charge.

The LA, through the HTSF has up until now, paid the setup fee for the LMLE. The annual charge is paid centrally from the HTSF and schools are recharged. It was a CYPS target to have all primary schools implementing the LMLE before April 2011. This is now under review. All secondary schools are already implementing an MLE through the Secondary ICT Managed Service.

The total budget required is around £900,000 and the source of funding is the HTSF and re-charging to schools. Oracle records indicate that we have paid £4,577,523.59 to the LGFL since records began.

There are significant financial advantages to having the LGFL re-designated as an SME as this would result in a 1% discount in broadband charges, for early payment from 2012 onward.

Reason for Exemption from Disclosure

Select one option below and delete the one not used:

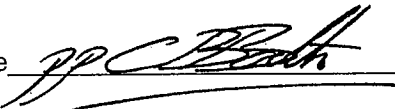
There is no part 2 to this report

Recommendations

1. That PB approve the waiver of procurement rules to allow the contract for London Grid for Learning Trust to provide broadband services to schools for the sum of £1 million.

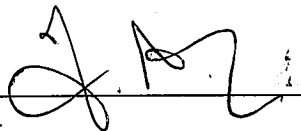
Approvals

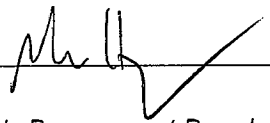
I have seen this report and approve it for onward submission to PB and or SPB:

Signature  Date 07-4-11

Mike Pocock Director - BSF

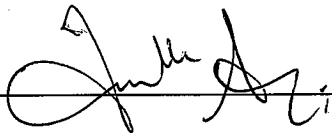
I approve the above recommendations:

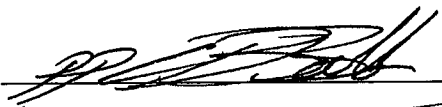
Signature  Date 28/4/11
Farrukh Akbar
Chair of the Procurement Board

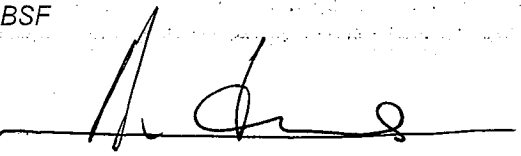
Signature  Date _____
Mark Hynes
Chair of the Strategic Procurement Board

Delegated Authority

I / We approve the above recommendations:

Signature  Date 28/4/11
Farrukh Akbar
Divisional Director of Resources

Signature  Date 07-04-11
Mike Pocock
Divisional Director, BSF

Debbie Jones  Date 6.5.11
Exec Dir CIPS
Please be sure to complete the signatory information (name and title) above.

Consultation

Number of persons consulted	Department or Organisation	Comments	Date of response	Reason for action
-----------------------------	----------------------------	----------	------------------	-------------------

			received	references
Internal				
Debbie Jones	Executive Director CYPS	02.09.2010	03.09.2010	All
Frank Higgins, Ama Ackom-Mensah	Corporate Finance & Resources	02.09.2010	03.09.2010	3.0
Dunni Komolafe	Divisional Finance Manager, CYPS	24.08.2010	01.09.2010	Summary of Financial Implication
Venetia Reid-Baptiste	Assistant Director-Commercial	01.10.2010	03/11/10	throughout <i>Stash</i>
Monica O'Riordan	Senior Corporate Procurement Officer	02.09.2010	06.09.2010	Throughout
Victor Ruskin	Departmental Procurement and Commissioning Officer	26.07.2010	26.07.2010	Throughout
Andrew Pavlou	Legal Team	02.09.2010	03.09.2010	4.0
Cllr Peter Robbins	Executive Member for Children and Young People	02.09.2010	02.09.2010	All
Mary Cotterill	Lambeth IT	30/11/10	21/11/10	all
External				

You need another box on Internal consultation 24-08-10 01-09-10 3.0

Report History

Is this a Key Decision (£500k+), a Non-Key Decision or For Information?	<input checked="" type="checkbox"/> Key Decision	<input type="checkbox"/> Non-Key Decision
	<input type="checkbox"/> For Information	
If a Key Decision (£500k+), enter the date it was first entered into the Forward Plan:		
If the answer to the above is 'No', state the reason at right:	Established service	

Background Documents

Existing Contract

Appendices

Report from London Borough of Wandsworth on savings made through procuring services by the LGfL.

1.0 Context

- 1.1 The broadband services were commissioned by all 33 London Boroughs that form the LGfL Consortium. A full tendering process was carried out at the time, in 2001 which Lambeth Commissioning was fully involved in.
- 1.2 All relevant government guidelines were followed as part of the government's establishment of the National Education Network through Regional Broadband Consortiums.
- 1.3 All benchmarking, value for money, collaborative opportunities and exercises were undertaken or explored at the time of the commissioning. A more recent value for money was undertaken by the LB Wandsworth. See appendix 1.

2.0 Proposals & Reasons

- 2.1 This process by the 33 London Boroughs that form the LGfL Regional Broadband Consortium. Each year, the boroughs review current contracts with individual providers to ensure best value. The consortium is currently planning for post July 2011. It is expected that all 33 boroughs will follow a similar process.
- 2.2 Corporate ICT are aware of this project, agree with it and do not see any alternative arrangements to procuring the service

Waiver

- 2.4 The annual charge for LGfL services was due on 1/4/2010 and further charges for individual school connections are due in September 2010.

Value for Money

- 2.5 Appendix 1 sets out the detailed analysis of the level of benefits of having this approach. It shows that there is a potential net savings of £392m across all LA's if all buy into the service under the various assumptions outlined in the paper. These benefits are not realised in their entirety but depends on general participation.

3.0 Comments from Executive Director of Finance & Resources

- 3.1 The proposed project will be fully funded from existing Standards Fund grant allocation from DfE and contribution from schools for LGfL within Inclusion and Standards Division and the project is expected to be delivered within this budget.
- 3.2 The funding remains within the Council and the lead officer will be expected to monitor and manage the contract bearing in mind risk management at all stages.
- 3.3 It is essential that there is enough rigour within the procurement process to ensure that value for money is achieved for the Council, for the duration of this contract.
- 3.4 LGFL is a financial stable entity and has consistently provided this service across London Councils .
- 3.5 given future reductions in the Harnessing technology Grant it is expected that the service will be reviewed at the point the grant becomes insufficient. Options to be explored at that time will include schools picking up a higher proportion of the costs.

4.0 Comments from Director of Legal and Democratic Services

- 4.1 The Council has delegated the power to deal with the matters set out in the report to the Departmental Executive Director.
- 4.2 The Council has adopted the Procurement Guide and the matters set out therein shall apply to the purchase of all works, goods and services purchased by the Council and as such would apply to the proposals set out in this report. The Procurement Guide requires that all contracts with a value in excess of £25,000 should be competitively tendered. The contract forming the subject matter of the report was tendered. The Executive Director must before using her delegated powers obtain the consent of her Departmental and Strategic Procurement Boards. Each Department must maintain a register of waivers. This report seeks approval for future expenditure on the contract to comply with the Council's rules. Any approval of past expenditure on this contract would be by way of noting.
- 4.3 The EU procurement regime applies to the matters in this report by virtue of Public Contracts Regulations 2006. Under these Regulations where the services are set out in Schedule 3 part A the full application of the Regulations apply and the Council has a duty to publish a contract notice in the official journal if the estimated value of the contract exceeds £156,442.
- 4.4 The Council's Constitution requires that all decisions, which require expenditure between the sums of £100,000 and £500,000, must be published in Officer's Decisions. In addition a copy of this report should be sent to the Committee Continuity Officer at least five clear day before the recommendation is acted upon. The matter should be on the forward plan and officers should consult the relevant Cabinet Member for this portfolio.

5.0 Results of Scrutiny and Consultation Views

- 5.1 N/A

6.0 Organisational Implications

Risk Management

- 6.1 If this report is not agreed, schools will no longer be provided with broadband services and will be unable to fulfil their statutory duties.

Equalities Impact Assessment

- 6.2 An EIA has been completed which notes the contract as low impact.

Community Safety Implications

- 6.3 The service provided is professionally filtered thus safeguarding children from inappropriate material on the internet.

Responsible Procurement Implications

- 6.4 The procurement is linked to collaborative procurement across London Councils

Staffing & Accommodation Implications

- 6.5 None

Any Other Implications

- 6.6 None

7.0 Timetable for Implementation

7.1 Services already in place

8.0 Contract Management & Monitoring

8.1 Half termly Regional Meetings of South London Boroughs with the LGfL
Termly meetings with the broadband supplier
Termly meetings with the MLE supplier
Six monthly ongoing Contract Management Reviews will be undertaken and uploaded to the Contract Register.

Appendix 1 to LGfL Gateway 3 Report.

Updates and Amendments

- The document references the Harnessing Technology grant as the fund used to secure a range of LGfL services. This grant has been abolished and the LGfL services will be paid for through a full recharge to schools.
- Strategic procurement board have agreed that the contract, signed in 2001 contains a clause that allows it to continue indefinitely once the initially contract period of 36 months has expired.
- Both Lambeth and the LGfL can give three months notice and withdraw from the contract.
- This approval allows for “business as usual on the LGfL contract”.

