
DARLINGTON STOCKTON PARTNERSHIP DATA CENTRE

Responsible Cabinet Member – Councillor Steve Harker, Resources Management Portfolio

Responsible Director – Paul Wildsmith, Director of Corporate Services

SUMMARY REPORT

Purpose of the Report

1. The purpose of this report is to ask Members to waive Contract Procedure Rules to allow officers to negotiate with 3 companies to design and construct a new Data Centre in Darlington Town Hall.

Summary

2. The partnership between Darlington and Stockton to deliver shared services, Xentrall, was officially launched in May 2008. Prior to this, Stockton had identified an urgent need to build a new computer room to replace the existing ageing facility. However, with the on-going development of the Partnership proposals, a joint approach was taken to identify a suitable location for a new room. As a result, the proposal is to build the new computer room in the Town Hall at Darlington.
3. The construction of the new computer room requires both structural construction work and specialist computer system refitting. The overall budget was set at £570k for both the construction and refit. The work was awarded to Community Services as principal contractor; they would undertake the construction work and tender for the specialist refit.
4. A procurement exercise was carried out and three tenders were received. Following evaluation it became obvious that none of the tenders met the required day one specification. In addition all the tenders received exceeded the available budget by some considerable margin.
5. In order to meet both the affordability and specification criteria a number of changes were required to the bids that came in. This effectively changed the specification to such an extent that it negated the tender process. A decision was made in consultation with the Borough Solicitor to stop the tendering process and to consider alternative procurement solutions.
6. When this joint facility was first proposed, there was additional urgency associated with the risks and needs at Stockton. However recent events at Darlington have highlighted similar risks to Stockton. It is critical that we have the new facility commissioned as soon as possible to avoid the increased risk of service disruption. Any delays to the procurement

process will increase this risk.

7. A number of options were considered for the new procurement process. Based on time and cost constraints and the associated risks, a decision was made to recommend that we issue an Invitation to Negotiate for a contract to design and build the new Data Centre. This invitation to tender would be issued to the three final bidders from the first process.
8. This is a new procurement process and as such not covered in the Contract Procedure Rules. In order for officers to proceed with this approach it is necessary for Council to waive Contract Procedure Rules to allow the process to continue.

Recommendation

9. It is recommended that Council waive Contract Procedure Rules to allow officers to use the proposed procurement route for the design and build of the new Data Centre as detailed in the report, to meet the urgent nature of the requirement.

Reasons

10. The recommendations are supported by the following reasons: -
 - (a) To enable procurement from specialist providers
 - (b) To enable officers to move quickly to a solution for the construction and refit of the Data Centre to ensure continuity of service delivery.

**Paul Wildsmith,
Director of Corporate Services**

Background Papers

No Background papers were used in the preparation of this report

Susan White: Extension 2019

S17 Crime and Disorder	This decision will not have an impact on Crime and Disorder
Health and Well Being	This decision will not have an impact on Health and Wellbeing
Sustainability	The design of the Data Centre should lead to reduced energy consumption when fully operational
Diversity	This decision will not have an impact on Diversity
Wards Affected	This decision will not affect any wards
Groups Affected	This decision will not have an impact on any groups.
Budget and Policy Framework	This decision is within the current framework
Key Decision	Yes
Urgent Decision	Yes
One Darlington: Perfectly Placed	The services procured contribute to delivery of the Community Strategy

MAIN REPORT

Information and Analysis

11. The partnership between Darlington and Stockton to deliver shared services, Xentrall, was officially launched in May 2008. Prior to this, Stockton had identified an urgent need to build a new computer room to replace the existing ageing facility. However, with the on-going development of the Partnership proposals, a joint approach was taken to identify a suitable location for a new room. As a result, the proposal is to build the new computer room in the Town Hall at Darlington.
12. As part of the Xentrall business plan, a project has been underway to specify and procure a computer room design which will be built in the rear ground floor of Darlington Town Hall. The construction of the new computer room requires both structural construction work and specialist computer system refitting. The overall budget was set at £570k for both the construction and refit. The work was awarded to Community Services as principal contractor; they would undertake the construction work and tender for the specialist refit.
13. The high speed links between Darlington and Stockton are already in place and once the computer room is built, both Councils will have a modern fit for purpose facility to take them forward into the next decade. A joint modern computer room facility is key to the success of other linked programmes to rationalise and modernise the ICT architecture which deliver the Council's ICT systems.

Current situation

14. There are a number of risks associated with the on-going problems at the current facilities at both Stockton and Darlington. If these risks are realised there is a very real possibility that ICT services to members, officers and the public will be severely disrupted. Any delay in implementing a new procurement process will increase the likelihood of these risks occurring. The risks at Stockton include continued water ingress and cooling problems.
15. The problem of cooling came to a head during a week in the summer of 2006 when several overheating incidents occurred. At this point it was acknowledged that the 20 year old room had come to the end of its useful life and that options for a new facility should be investigated. At the same time, the proposals for the Darlington/Stockton Partnership were beginning to be developed and as a consequence, the computer room proposals became part of this emerging programme
16. During this intervening period, Stockton has continued to carry the risks associated with the current computer room and therefore require a new facility as soon as possible.

Darlington Computer Room

17. Events during recent months have also highlighted deficiencies with the Darlington room. These relate to:
 - (a) Cooling
 - (b) Mains power provision
 - (c) Emergency power provision (generator & battery backup)

(d) Space

18. When this joint facility was first proposed, there was additional urgency associated with the risks and needs at Stockton. However recent events at Darlington have highlighted similar risks to Stockton. It is critical that we have the new facility commissioned as soon as possible to avoid the increased risk of service disruption. Any delays to the procurement process will increase this risk.

Procurement Route

19. As stated above an overall budget was set for the requisite construction work and the subsequent specialist computer room refit. Community Services were appointed as lead contractor with the responsibility to carry out the construction work as specified. Following consultation with the Head of ICT and the Council's consultancy partner, Scott Wilson, a specification was drawn up for the day one requirements for the specialist refit. The tender was advertised and tenderers were asked to price on the requirements in the specification.
20. Three tenders were returned from Indair, Comsite and EPI. During evaluation it became obvious that each tenderer had made assumptions about what our day one requirements would be and what would be needed to meet them. Some of the tenderers had also included costs for construction work which was to be carried out by Community Services. Following arithmetical corrections it was still not possible to compare the tenders on a like for like basis; in addition all the prices quoted far exceeded the agreed budget limit.
21. To make the tenders comparable and affordable it required changes to the specification. EU Procurement Directives state that if the specification changes enough as to make it significantly different to the original specification then the tender process has to be halted and re-started. Although this procurement falls below the EU threshold any public sector procurement is expected to follow the principles of the EU Directives.
22. Any changes to the specification may have budget implications for both Darlington and Stockton. We need to be able to appoint a preferred bidder to work with ICT and Community Services to develop a solution that is affordable but also allows Xentrall to deliver the required level of service. The solution must also be future proof.
23. The longer we are without a new Data Centre the more likely it is that of one of the risks highlighted above will occur, leading system failure. Due to the delays experienced in the first procurement process the longer we take with the new process the more the problems are exacerbated. A team including representatives from finance, legal, procurement, ICT and Community Services was set up to look at the procurement process, the options for the next stage and to recommend the best option to take the procurement forward.
24. The following options were considered taking account of legal requirements, budget implications and time constraints: -
 - (a) Continue with the current process and ask all the tenderers to re-submit their tenders;
 - (b) Stop the first process and start the full tender process again;
 - (c) Stop the first process, continue with the tenderer that had scored the highest mark in the first process and negotiate on the price and specification to develop the design of the Data Centre;

- (d) Stop the first process, revise the day one specification and issue an Invitation to Negotiate to all three tenderers listed above. Following evaluation the tenderer that scores the highest mark will be invited to work with authority on the design of the new Data Centre.
25. Options (a) and (c) were discounted because, although they would meet the time constraints, it was deemed that we would be in contravention of procurement regulations as the specification would change significantly. It would also leave us open to the possibility of legal challenge.
26. Option (b) was rejected because of the timescales involved which would delay the project and lead to greater chance of the operational risks being realised. We also believe that we would not attract any more interest for the contract.
27. Option (d) was chosen as the most appropriate option. By halting the first procurement it gives us the opportunity to introduce a new process. The new process meets procurement regulations, is transparent and will meet the time constraints. It will give all the tenderers an equal chance to submit a tender based on a revised specification which will lead to a more affordable solution within the required timescales.

Procurement Timetable

28. The timetable for the new procurement process is as follows: -

Date	Action
November 08	New specification developed
December 08	Issue revised documents to 3 tenderers
December 08	Tenders return date
December 08	Tender evaluation
December 08	Conditional acceptance letter sent to preferred bidder
January 09	Value engineering with preferred bidder
03.02.09	Report to Cabinet for final budget
February 09	Final contract agreed and signed
April 09	Start on site

29. The tenders will be evaluated on a cost and quality basis, taking into account affordability, ability to meet day one specification, plus ability to meet future requirements.

Outcome of Consultation

30. There was no consultation carried prior to the preparation of this report.