

CHILDREN'S SERVICES SCRUTINY COMMITTEE
8TH MARCH 2007

NORTH WILTSHIRE SCHOOLS PFI PROJECT
PROGRESS REPORT

Purpose of Report

1. To provide Members with an update on a number of key issues identified when previously considering the Annual Service Report provided by the White Horse Education Partnership (WHEP).

Background

2. The Annual Service Review produced by WHEP was considered by the Children's Services Scrutiny Committee at its meeting of the 29th November 2006. A number of issues relating to the performance of the contract were identified and the Committee resolved to:

Request an interim information only update report on the contract's performance for the next appropriate meeting of the Committee.

3. The report provides the requested update on the performance of the contract and also provides the further clarification of the project Affordability Gap. This further information note is attached as **Appendix 1** to the report.
4. In establishing the detail of the update report a number of discussions have been held with WHEP culminating in a formal review meeting Chaired by the Director of Environmental Services, this was held on the 12th February 2007. Mrs. P.A. Shubbrook, Headteacher of Abbeyfield School, Chippenham attended as the representative of the three operational schools. WHEP was represented by the Operational Director and Board member, Bruce Dalglish and their Employers Agent, Ian Bolden. These discussions have proved most useful in progressing of the key items detailed below.

Performance Update

5. The following items have been addressed since the November meeting of this Committee:
 - (i) WHEP Ownership - The sale of the Bilfinger and Berger holding in WHEP to Secondary Market Infrastructure Funding Ltd (SMIF) was completed by early December. SMIF are the leading specialist in the secondary PFI market currently having a 30 per cent share of the secondary and operational market. SMIF themselves have subsequently been the subject of acquisition by Land Securities Trillium (LST) who are a key player in both Primary and Secondary property outsourcing markets.

LST currently have an interest in over 100 operational projects, many in the Healthcare and Education sectors.

Bruce Dalglish, on behalf of SMIF, confirmed that the new make up of WHEP would have a positive effect on the project and that they were keen to work with the Schools and the County Council to drive maximum benefits in service delivery from the project assets. It was confirmed that WHEP would be keen to work with schools to develop Forward Looking Action Plans that could form part of future Annual Reports. This idea will be further developed with the three schools.

- (ii) Refinancing - It has been confirmed that refinancing of the project is now being given serious consideration by the new WHEP Board.

SMIF are able to place a much larger portfolio of projects on the funding market than was previously possible under Bilfinger and Berger BOT. If this venture is successful the County Council will have a 50% share of benefits.

- (iii) Affordability Gap - Please see **Appendix 1** of the report.
- (iv) Help Desk - WHEP has agreed to instigate a review of the current procedures aimed at simplifying processes and operational feedback to the schools. Successful implementation of the process will require schools to ensure all performance shortfalls, failures etc., are logged with the Help Desk. This will be further pursued with the schools at the next progress meeting in March.
- (v) Abbeyfield Sports Pitches - Investigation of the problem has now been completed by WHEP and a programme of remedial work will be carried out as soon as ground conditions allow. It is expected the pitches will be fully operational by the next academic year.
- (vi) Abbeyfield School New Build - A number of issues relating to the procurement and commissioning of the required building work have arisen from the contractual relationship within the PFI Project Agreement. This has required a fresh look at the project timetable and contract documentation. A detailed report was considered recently by Cabinet who agreed to the setting up of a Project Team to oversee the project.

Since the formation of the Project Team progress has been made and a dedicated Project Manager has been appointed by the school. A more realistic opening date of September 2008 has now been agreed with the school and the Learning and Skills Council (LSC).

- (vii) Wootton Bassett School New Build - The school received confirmation from the LSC shortly before Christmas that its bid for funding support has been successful. Initial discussions regarding the project have been held with WHEP and it is clear the similar issues experienced at Abbeyfield need to be resolved. A progress meeting is due to be held at the school in early March.

- (viii) Community Usage and Extended Schools - At the Annual Review meeting held on the 12th February 2007, WHEP agreed to work with schools to develop any initiatives individual schools may have. It was agreed to look at this as part of the Forward Action Planning process outlined in (i) above.
- (ix) General Performance - At the Annual Review meeting, Mrs. Shubbrook confirmed that contract standards were being met and the schools received the services expected. One or two problems regarding some facilities management services had been experienced but improved monitoring would resolve these. The recruitment process for a new monitoring officer had recently been completed.
- (x) Annual Service Review - WHEP has acknowledged the shortcomings identified by the Committee in the report considered in November 2006 and has agreed to provide a more 'forward looking' report in July 2007. It was also confirmed at the recent meeting Chaired by the Director of Environmental Services that a representative of WHEP would attend the meeting of this Committee when it receives the next Annual Service Review.

As part of the review process, visits to the individual schools would be arranged prior to the date of the Committee Meeting in July.

Environmental Impact of the Proposals

- 6. There is no direct impact of the proposal.

Risk Assessment

- 7. Operating risks and those associated with new build projects are continually reviewed.

Financial Implications

- 8. No direct implications as the contract is currently operating within operational financial limits. The implications of the new build projects and the refinancing proposal will be considered when firm details have been received.

Options Considered

- 9. As the contract is currently delivering required services to the agreed standards no other option is currently being investigated.

Conclusion

- 10. The services continue to meet the schools and project requirements. New build projects will be continually assessed to ensure Best Value requirements are fully met.

Reason for Proposal

11. To provide the Committee with an opportunity to consider the progress of key issues identified from the Annual Service Review and Report process in November 2006.

Proposal

12. That the Committee:
 - (i) Notes the progress made in resolving the issues identified at the 29th November Meeting.
 - (ii) Receive the 2006 WHEP Annual Report in July 2007 when a WHEP representative will be present to present the Report.

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The following unpublished documents have been relied on in the preparation of this Report:

Contract monitoring information.