

CHILDREN'S SERVICES SCRUTINY COMMITTEE
11th SEPTEMBER 2008

NORTH WILTSHIRE SCHOOLS PPP/PFI PROJECT
WHITE HORSE EDUCATION PARTNERSHIP – ANNUAL REPORT

Purpose of Report

1. To:
 - (i) Present to Members the Annual Services Report prepared by the White Horse Education Partnership (WHEP) reviewing services at the three North Wiltshire PFI Schools.
 - (ii) Update Members on progress in resolving the issues raised by this Committee after consideration of the 2006 WHEP Annual Report.

Background

2. The Corporate Procurement Regulations require all contracts with an annual value in excess of £1 million to be reviewed annually by the relevant Scrutiny Committee.
3. In October 2000 following a comprehensive tendering exercise, the County Council entered into a 32 year contract with WHEP for the provision of three fully serviced secondary schools accommodation at Chippenham (Abbeyfield), Malmesbury and Wootton Bassett. In addition to the three new build schools, services include:
 - Site Management and Security
 - Building Maintenance
 - Facilities Management
 - Catering
 - Utilities
 - Furniture and Equipment and
 - All running costs (lifecycle)
4. The Project Agreement was entered into under the Government's Private Finance Initiative. The school sites are leased to WHEP for the 32 year project period and WHEP then 'lease back' the serviced accommodation to the County Council and is in effect the 'landlord' to the schools.
5. Services at the three sites have now reached 'Steady State' and are provided in accordance with an operating specification and service level agreement agreed between the County Council, WHEP and the schools at the start of the contract.
6. Although not a contractual requirement, WHEP have once again produced an Annual Report for 2007 reviewing services provided during the fifth full year of operation and a copy is attached to this covering report.

Main Considerations for the Council

7. The WHEP 2007 Annual Report is presented in an easy to read informative style, providing an overview to the services provided under contract. These services are essential to keep the schools maintained and functioning properly. All services and room availability are covered by an operating specification and a detailed service level agreement laid out in the main contract. Services provided during the period covered by the report met the required standards and no formal contract performance deductions have been necessary.
8. Following concerns expressed by this Committee when considering the 2006 WHEP Report and reviewed in the update report in March 2008, services have been monitored regularly through the introduction of dedicated Monitoring Staff. In addition, a programme of operational and progress meetings have now been instigated, improving dialogue between all parties to the Contract. This is fostering a better 'spirit of partnership'. The Cabinet Member for ICT, Procurement and Partnership, attended the last of these meetings and has also undertaken review meetings with each of the Headteachers during the past term.
9. High service standards have also been maintained during a period of change at Wootton Bassett and Abbeyfield Schools as construction of the new sixth form accommodation has progressed. Despite the problems and constraints presented by having a major construction site in an operational school environment, all schools were maintained at all times and to required standards and no major Health and Safety issues have occurred.
10. In addition to the major building projects, a programme of smaller alterations and re-modelling of rooms has taken place at all three schools. These works have generally been carried out on time and within the budgets agreed. Work has been funded from the schools' own resources.

Progress in Resolving Major Issues

11. As a result of considering the previous WHEP Annual Report and the comments made by Malcolm Trobe, Headteacher, Malmesbury School, a number of major items were raised by this Committee. The progress towards resolving these issues is shown in **Appendix 1** to this report and further progress is now regularly monitored.
12. In addition to the regular Progress Meetings with the three schools, progress in dealing with Latent Defects, etc., is reviewed periodically by the Project Directors. A further progress report is due to be presented at the next meeting on the 30th September, 2008.
13. Operational and minor issues are raised and dealt with at the regular meetings with the three schools and the next of these is scheduled for the 12th September, 2008. This will be attended by the Cabinet Member for ICT and Procurement and Partnerships.
14. A process for trying to develop community use of the Schools has now been agreed and WHEP/GSL directors will be meeting with Headteacher and Governors early in the new school year. It is acknowledged this needs to be a joint initiative and that the Schools need to lead the development with stakeholders in the local communities. The new sixth form accommodation at Wootton Bassett and Abbeyfield Schools will also assist with the development of future community use.

15. The problems of initiating and ordering minor works raised last year has been resolved by the introduction of an agreed protocol and procedure. A copy is attached at **Appendix 2** to the report.

Major Building Works Progress

16. The projects at Abbeyfield and Wootton Bassett Schools to provide additional sixth form accommodation are now reaching conclusion and both buildings are due to be fully occupied by the schools from the 1st September, 2008. WHEP will be responsible for the maintenance and facilities management of the buildings from the date of occupation by the schools.
17. All issues relating to the main Project Agreement and Payment Mechanisms have now been resolved.

Key Issues for the Coming Year

18. Consideration of the WHEP Annual Report has raised a number of issues which will be monitored during the coming year. These include:
 - (i) GSL Help Desk – Delays in implementing the new ‘Concept’ software package to improve Help Desk performance and to provide ‘real-time’ progress mean that reported problems are not always resolved as swiftly as possible. This is now expected early in the new calendar year.
 - (ii) Foundation Status – Malmesbury and Wootton Bassett Schools are in the process of attaining Foundation Status and this will need to be reflected in the Project Governors Agreement and will have an affect on asset ownership at the end of the PFI concession period.
 - (iii) Benchmarking of soft FM services – A major benchmarking (or market testing) of services such as Building Cleaning, Grounds Maintenance, Catering, etc. is due to be started during the next twelve months. New rates and services will be applied to the Base Annual Payment from October 2009. Benchmarking of Energy in Utilities is also due in March 2009.
 - (iv) School Nutritional Guidelines – New guidelines for secondary schools come into force from September 2009. The development of new menus, etc. to meet the new requirements will take place during the current term and early 2009.

Environmental Impact of the Recommendation

19. None directly from the proposal but the environmental impact of the buildings are monitored as part of the contract. The two new buildings, Abbeyfield and Wootton Bassett, had their environment impact assessed as part of the planning process.
20. WHEP are currently working with their sub-contractors and the schools to try to reduce the ‘Carbon Footprint’ of the buildings and the services provided under the contract. Initiatives include, introducing energy saving light bulbs and controls as part of lifecycle maintenance, reducing delivery mileages in goods and supplies and looking at introducing the use of recycled materials in maintenance operations.

Risk Assessment

21. Full risk assessments were undertaken as part of the original tender process. The risks associated with the two subsequent capital projects were fully evaluated as part of the Project Plan and the funding bidding process.
22. The individual schools are required to undertake their own operating risk assessments.

Financial Implications

23. The contracted services continue to be provided within the agreed funding model and approved affordability gap. A summary of the financial position for the past financial year comparing it with the financial year 2006-07 is shown in **Appendix 3** to the covering report.
24. It should be noted that the funding model for the year 2008-09 (to be reported as part of the Annual Report in September 2009) will alter once the two new buildings at Abbeyfield and Wootton Bassett become fully operational.

Equality and Diversity Implications

25. None as a direct result of the proposals. WHEP continue to meet their Equality and Diversity obligations as part of the contract. The schools continue to work within their own Equality and Diversity Policies.

Legal Implications

26. None as a result of the recommendation.

Options Considered

27. The contract is being delivered to the required standards and within the agreed budget, therefore no other option has been considered.
28. Full options appraisals for the major projects at Abbeyfield and Wootton Bassett Schools were carried out as part of the original funding arrangements.

Conclusions

29. The services provided under the North Wiltshire Schools PPP/PFI Project continue to meet the requirements of the Project Agreement.
30. Significant progress has been made in resolving the issues raised by this Committee following consideration of the WHEP 2006 Annual Report and the site visits made to the schools and any outstanding matters are closely monitored.
31. The major capital projects at Abbeyfield and Wootton Bassett Schools have been completed and the accommodation will become fully operational during the early part of September 2008.
32. A number of key issues, including continued development of Community and 'Extended School' use of the school buildings, the effect of the volatile Energy and Utilities Market and a major Benchmarking exercise have been identified. Progress in resolving these will be monitored and will form part of the next Annual Report.

Reason for Proposal

33. To provide the Committee with an opportunity to review the WHEP Annual Report and progress towards resolving issues raised previously with the Cabinet Member for Procurement, ICT and Partnership. It also provides an opportunity to consider whether this Committee wish to make further comments to the Cabinet Member when he receives the report under delegated powers.
34. It meets the requirements of the Corporate Contract Regulations.

Proposal

35. That the Committee:
- (i) Notes the contents of the White Horse Education Partnership Annual Report 2007.
 - (ii) Notes the progress towards resolving the issues raised on considerations of the Annual Report for 2006.
 - (iii) Considers whether it wishes to forward comments on the performance of the contract and WHEP to the Cabinet Member for Procurement, ICT and Partnership when he receives it in due course.

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

PPI Project Agreement
Project Correspondence
Contract Monitoring Information
Progress reports for Abbeyfield and Wootton Bassett new build projects