

Building Schools for the Future

London Borough of Haringey

Outline Business Case

March 2006



Volume 2: Procurement Business Case

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Glossary

BSF	Building Schools for the Future
D&B	Design & Build
DBFO	Design, Build, Finance, Operate
DfES	Department for Education & Skills – the Department
FBC	Final Business Case
ICT MSP	ICT Managed Service Partner
JPMT	Joint Programme Management Team
LEP	Local Education Partnership
OJEU	Official Journal of the European Union
PBC	Procurement Business Case
PfS	Partnerships for Schools
PQQ	Pre Qualification Questionnaire
PUK	Partnerships UK
VfM	Value for Money
WLC	Whole Life Cost Model

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Building Schools for the Future

Section 1 Executive Summary



1 Executive Summary

- 1.1 Haringey has been included in Waves 2 and 4 of the Building Schools for the Future (BSF) programme. The Council is in the process of finalising the scope of investment required to meet the principal objective of BSF – being transformation in the delivery of education.
- 1.2 Haringey is unique in that it has an existing PFI project for a large proportion of its secondary school estate. The PFI contract was signed in October 2000 and runs to 2025. The original contracting party was Haringey Schools Service Limited (HSSL) – a joint venture between Jarvis plc and Barclays. Jarvis plc's interests have been purchased by the Secondary Market Investment Fund (SMIF).
- 1.3 The Council is keen to retain both the risk transfer of the existing PFI contract and the relationship with HSSL. The Council is also keen to have consistency of service delivery across all facilities in the BSF estate. As such, the Council considers the BSF programme will need to be procured in some form of joint working with HSSL.
- 1.4 The Council has developed a procurement model that enables the BSF investment to sit alongside the PFI contract. This model has been called the Joint Programme Management Team (JPMT). Through the operation of the JPMT, the Council is confident that the Education and ICT visions will be delivered across all the BSF assets in a co-ordinated and efficient manner.
- 1.5 All relevant stakeholders, including HSSL, have voiced their support for the JPMT model. The JPMT model has been discussed with Pfs, who are broadly supportive of its objectives.
- 1.6 This Procurement Business Case forms part of the Outline Business Case for the Council's BSF programme.

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Building Schools for the Future

Section 2 Context



2 Context

2.1 BSF National Programme

The Department for Education & Skills (DfES) announced in March 2003 that all secondary schools in England would be re-provided over a 15 year period. This initiative is called Building Schools for the Future (BSF).

The principal objective of the BSF initiative is to see a step change in education provision. The BSF programme is simply not a building programme, but one that aims to drive transformational change into the way the secondary school education is delivered. Consequently, the BSF initiative fully embraces the inclusion of ICT.

The DfES has created, with Partnerships UK (PUK), a new team called Partnerships for Schools (Pfs) to manage this national programme. A key objective for Pfs is to drive efficiencies into the procurement of the BSF investment. Pfs is clear that these efficiencies can be delivered through standardisation of the process and, to achieve this, they have invested significant resources in developing a new model for local procurement called the Local Education Partnership (LEP).

The LEP model of procurement assumes that the local authority will jointly procure, alongside Pfs, a private sector partner to deliver the BSF investment under a framework-type agreement. The private sector partner to the LEP will be granted exclusivity in the delivery of the BSF investment, both construction and ICT, for a period of up to 10 years.

2.2 BSF at the Local Level

The London Borough of Haringey (the Council), signed a 25 year PFI contract in 2000 – the Existing PFI contract. This Existing PFI contract was for the refurbishment, maintenance and operation of 7 of the Borough's Secondary schools and the remodelling, maintenance and operation of a facility to accommodate an additional new secondary school. The Council's private sector partner was Haringey Schools Services Limited (HSSL), a special purpose vehicle (SPV) owned by Jarvis PLC and funded by Barclays.

A number of changes have been implemented in respect of this contractual relationship:

- the completion of a refinancing of the project, together with a reduction in the number of senior lenders involved (the senior debt is now syndicated between Barclays and Nationwide);
- the building of an extension at Alexandra Park High School by a third party. Whilst the building work has been completed, there remains agreement as to the variation to the project agreement and the agreement of the FM costs of Jarvis in providing long term maintenance at the School; and
- the appointment of Jarvis to procure further building work at White Hart Lane – this work has not yet been completed.

In addition to which Jarvis PLC has changed its focus. It has publicly announced that it is seeking to limit its operations in the future to the rail network. It has sold its legal and beneficial interest in HSSL (as well as all other SPV's in the UK) and now simply provides the FM Services as a subcontractor to HSSL. HSSL is now owned by the Secondary Market Investment Fund (SMIF) and Barclays Infrastructure Projects.

The Existing PFI contract has delivered much needed investment into the Secondary education buildings. However, this investment was largely focused on improving the condition of the buildings and the investment does not address issues of suitability, particularly in the context of the aspirations for the transformation envisaged by the BSF programme. Consequently, the Council has undertaken a detailed review of the whole Secondary estate and has identified the following activities to support a BSF programme:

Phase 1:

- phase 1 of a new 6th Form Centre in the East of the Borough;
- a reduction in the forms of entry for the four Community Schools in the East from 9FE to 8FE and targeted investment in these facilities;
- modernisation of facilities at the Voluntary Aided schools; and
- ICT investment on the above facilities.

Phase 2:

- completion of the new 6th Form Centre;
- further ICT and Post 16 investment and other targeted investment in the four community schools in the West of the Borough and their associated co-located Special Provision;
- Pupil Support Centre (probably in a new facility); and
- a new 8FE community secondary school in the centre of the Borough.

The Phase 1 investment is expected to fall within Wave 2 of BSF. The Phase 2 investment falling in Wave 4 of BSF. For the purposes of this Business Case, the above BSF activities are collectively termed the BSF Elements.

The vision for each school will encompass the following key objectives:

- improved educational standards, including a focus on each school developing specialisms;
- ICT provision for all;
- wider inclusion of pupils with special needs, both educational and social;
- improved standards of behaviour;
- workforce remodelling (good places for a wider range of staff to teach and support pupils in new ways);
- increased use by the wider community, including an emphasis on sport and lifelong learning; and
- provision for multi-agency services to support social inclusion.

The Council has already commenced procurement of the 6th form centre as the pressing need to have this centre operational by September 2007 means that a partner needs to be appointed and working with the Council in 2006.

The Council has developed a detailed and transformational ICT vision and has defined the secondary school ICT output specification for the BSF programme. As ICT was

excluded from the original PFI contract, it is proposed to procure a fully managed ICT service, for all the Council's secondary schools.

The Council recognises that the co-existence of the Existing PFI contract and the BSF initiative will lead to significant interface issues, both from a practical and a procurement perspective, that need to be identified and managed proactively to maintain the benefits of the current partnership with HSSL. These interface issues are considered further in Section 3.

2.3 Purpose of this PBC

The Council has a successful partnership with HSSL for a large proportion of its secondary school estate. This Procurement Business Case seeks to address both the practical and procurement interfaces that will inevitably arise between the PFI contract and the new BSF investment.

Consequently, this Procurement Business Case (PBC) has the following objectives:

- to consider the procurement options open to the Council for the different Elements of the BSF programme (Section 3);
- to consider what procurement process to adopt so as to deliver the different Elements of the programme (Section 4);
- to set out a value for money (VfM) assessment, which also considers the preferred procurement option against a LEP alternative (Section 5);
- to review and consider procurement risk and the identification of the mechanisms and approach for managing and/or mitigating these risks (Section 6);
- to consider the likely stakeholder support for the proposed procurement route (Section 7); and
- to set out the approach to business planning for the BSF programme (Section 8).

There are two main outcomes sought from the preparation of the PBC. Firstly, the Council needs to satisfy itself that the procurement route selected will deliver VfM, particularly given the interface issues arising with the existing PFI contract. Secondly, the DfES requires justification that the proposed procurement route, if this should differ from a LEP procurement route, offers at least equal VfM as procurement using the LEP model. As such, this PBC is included as part of the documentation supporting the Council's Outline Business Case.

2.4 PBC Checklist

PfS has outlined the key aspects to be addressed in a PBC - these are set out in Table 1.

Table

The format of this PBC does not precisely follow the order of the aspects as identified by PfS, so Table 2 sets out which part of the PBC responds to each relevant aspect.

Table 1: PfS PBC Checklist

PfS Ref	Aspects to be Addressed	Council Response
2a	Value for Money	Section 5
2b	National BSF Objectives	Section 4
2c	Local Objectives	Section 4
2d	Project Governance	Section 7
2e	Stakeholder Support	Section 7
2f	Market Interest	Section 6
2g	Risk Transfer	Section 5
2h	Legal Structure of the proposed model	Section 4
2i	Project Management Arrangements	Section 6
2j	Design	Section 4
2k	The Authority (and its involvement in the process)	Section 7
2l	Process Map for Subsequent Steps	Part of OBC Submission

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Section 3 Procurement Options for each Element



3 Procurement Options for each Element

3.1 Overview

The option appraisal for each element of the BSF programme set out in this section is not a review of the site-by-site investment requirements – this is considered in detail in the Council’s Strategic Business Case (SBC). This section considers the different options available to deliver the proposed investment on each site.

The approach taken in this procurement option appraisal has been to:

- longlist all potential procurement options;
- undertaken a qualitative appraisal of each option;
- shortlist those options that are practical, possible, (given the legal framework), and deliverable, within the timescales for the BSF programme generally; and
- conclude as to which option(s) should be considered as part of determining what form of procurement process the Council should enter into.
- As discussed in Section 2.2, there are a number of different Elements to the BSF programme – the potential options for procuring and funding each element are discussed in turn.

3.2 6th Form Centre

The Council considered a range of options for the delivery of this investment. Potential options are considered in the table below, together with the outcome of the Council’s high-level option appraisal.

Table 2: Options for Delivering the 6th Form Centre

Re	Option Considered	Council Appraisal of Option
1.	Deliver proposals as a DBFO variation to the existing PFI contract.	<ul style="list-style-type: none"> • this option would enable economies of scale to be secured by grouping the whole life management of the facility with the existing PFI contract; • to seek a design, build, finance, operate solution (DBFO) would require HSSL to take additional borrowings. The willingness and ability of HSSL to borrow using the existing special purpose vehicle is questioned and was viewed as a significant procurement risk; • the construction activities for the Existing PFI are largely complete and Jarvis Construction is no longer active in the Education PFI market. Consequently, a new building contractor would need to be procured in any event; • the legal acceptance of extending the Existing PFI contract is in question. The proposed capital cost of the 6th form centre may be approximately 40% of the capital value of the Existing PFI contract and the original OJEC notice did not include the North London Learning & Skills Council as a party to the

Re	Option Considered	Council Appraisal of Option
		<p>contract;</p> <ul style="list-style-type: none"> • a DBFO solution would require HSSL to borrow funds with a much shorter debt maturity than the original funding – as the contract is in its 5th year of operation; and • at no point have PFI credits been formally offered as part of the funding support for this Element of the BSF programme.
2.	<p>Deliver proposals as a separate, standalone PFI contract, outside of the existing PFI contract</p>	<ul style="list-style-type: none"> • the school would not be able to take advantage of the economies of scale offered by having lifecycle, maintenance and operation undertaken by HSSL, as incumbent PFI provider. However, HSSL would be able to bid for this contract; • DfES have not offered PFI credits to fund this investment; • a separate PFI contract would take a minimum of 15 months to procure, which would mean that the Centre would not be open in time to meet the Council's strategic aims. There is also a risk that, should HSSL declare its intention to bid for this contract, then no other bidders would show interest; and • HM Treasury guidance, on VfM grounds, is for a minimum capital value for PFI contracts of £20 million – the capital value of this facility is very close to this minimum level, suggesting that the procurement through PFI would not be VfM.
3.	<p>Deliver the proposals immediately as a separate D&B contract, funded through grant or supported borrowing, with the completed asset being transferred into the existing PFI contract, for lifecycle, maintenance and operation, as a variation.</p>	<ul style="list-style-type: none"> • this would be a relatively straightforward procurement for a D&B contractor; • there should be economies of scale in including the new facility in the existing lifecycle and maintenance regime operated by HSSL; and • the Council's legal advisors have questioned the legality of including the lifecycle and facilities management of this facility in the Existing PFI arrangements. Consequently, the Council views this option to be a procurement risk.
4.	<p>Deliver proposals immediately as a separate D&B contract, funded through grant or supported borrowing, but with the completed asset not transferred into the existing PFI contract</p>	<ul style="list-style-type: none"> • this would be a relatively straightforward procurement for a D&B contractor; • no economies of scale would be secured as a result of the exclusion of the investment in the existing PFI arrangements, unless HSSL's subcontractors were successful in tendering for this contract; • uncertainty as to who would provide maintenance

Re	Option Considered	Council Appraisal of Option
	on D&B completion.	and asset management services, as all other secondary schools are managed by HSSL.
5.	Delay the commencement of investment and include with the other Wave 2 investments.	<ul style="list-style-type: none"> increased costs due to build cost inflation; and delay in introducing the facility will have a negative impact on the drive to improve educational attainment.

These options have all been appraised in the context of the pressing need to have this facility available for occupation in September 2007. Given this tight timetable, the Council has rejected Options 1, 2 and 5, as these options would not allow adherence to this timetable. Subsequently, the Council has obtained approval from DfES to commence procurement of the 6th form centre immediately and for funding to be available from 2006/07.

The procurement of the scheme is envisaged as follows:

- a) An OJEU was issued in March 2005 seeking a design build solution of the facilities to a minimum BSF standard output specification. This BSF output specification incorporates the ICT vision by way of an input specification i.e. a set of requirements, as it dictates design and build;
- b) The procurement seeks a D&B solution for a scheme that has reached RIBA stage D and (subject to actual receipt) detailed Planning approval;
- c) The D&B contractors will sign a contract based either on PPC2000 or the PfS standard D&B contract;
- d) The Design & Build (D&B) contractor will hand over the completed buildings on a pre-agreed date; and
- e) The inclusion of ICT infrastructure requirements in collaboration with the Council's current ICT partners and the ICT consultant.

The procurement of a partner to undertake the lifecycle and facilities management activities on this site has been the subject of considerable debate. Eversheds, the Council's legal advisor, has advised that there is a risk of challenge, albeit remote, should the existing PFI contract be extended to include for the provision of services on facilities that were not subject to the original PFI OJEU notice. Consequently, when considering the procurement approach for the BSF programme, the Council has focused on the need to harmonise the delivery of services across all the facilities, but, at the same time, to ensure these services are let competitively.

In concluding on the procurement of the 6th Form Centre, the Council considers the letting of a design build (D&B) contract immediately and the inclusion of the facility in a Borough Wide lifecycle and facilities management contract at a later stage, to be the preferred option. This is Option 4 – Option 3 has been discounted as legal advice suggests HSSL cannot provide these services without a further round of competition. In pursuing this option, the D&B contractor has had sight of and is conversant with an Output Specification that will form the basis of the BSF procurement.

3.3 Existing PFI Schools

The Council has considered a range of options for the delivery of this investment. In considering these options, the facilities in the East and West of the Borough are grouped together, as the issues apply equally to all facilities in the Existing PFI

contract. Potential options are considered in Table 3, together with the outcome of the Council's high-level option appraisal.

Table 3: Investment on Existing PFI Schools

Ref	Option Considered	Council Appraisal of Option
1.	Deliver proposals as a DBFO variation to the existing PFI contract.	<ul style="list-style-type: none"> • at this stage, it is unclear as to what level of investment is going to be available for these schools. However, it is likely that the investment would exceed 50% of the capital value of the existing PFI contract, with the potential for procurement challenge; • to seek a design, build, finance, operate solution (DBFO) would require HSSL to take additional borrowings. The willingness of HSSL to borrow using the existing special purpose vehicle, particularly given the likely start of the Wave 4 investment, is questioned and is viewed as a significant procurement risk; • the construction activities for the Existing PFI are largely complete and Jarvis Construction is no longer active in the Education PFI market. Consequently, a new contractor would need to be procured in any event; • a DBFO solution would require HSSL to borrow funds with a much shorter debt maturity than the original funding – as the contract is in its 5th year of operation and will be near its 10th year of operation by the time that the Wave 4 investment has been completed; • at no point have PFI credits been formally offered as part of the funding support. The support will be by way of capital grant; and • the BSF policy is for only total new-build solutions to be funded by PFI credits – the proposed works to be undertaken on the Existing PFI schools will involve a blend of new build, remodelling and refurbishment.
2.	Terminate the existing PFI contract and procure a new PFI partner to take on the existing obligations and to undertake the BSF investment	<ul style="list-style-type: none"> • the cost of terminating the existing PFI contract are considered too costly – see Appendix 2. It is unclear as to how this termination sum would be funded; • terminating the existing PFI contract would unravel the risk transfer previously negotiated with HSSL – renegotiation of this risk transfer is likely to erode the value for money of the Existing PFI contract; • at no point have PFI credits been formally offered as part of the funding support. The support will be by way of capital grant; and • BSF policy is for only total new-build solutions to be funded by PFI credits – the proposed works to be undertaken on the Existing PFI schools will involve a blend of new build, remodelling and refurbishment.

Ref	Option Considered	Council Appraisal of Option
3.	Deliver proposals as a separate, standalone PFI contract, outside of the existing PFI contract	<ul style="list-style-type: none"> • given the works would be undertaken on facilities in the Existing PFI contract, the interface issues of operating 2 PFI projects on the same site are considered insurmountable and not commercial; • this would lead to an unravelling of the risk transfer previously negotiated with HSSL – renegotiation of this risk transfer is likely to erode the value for money of the Existing PFI contract; • at no point have PFI credits been formally offered as part of the funding support. Support will be by way of capital grant; and • the BSF policy is for only total new-build solutions to be funded by PFI credits – the proposed works to be undertaken on the Existing PFI schools will involve a blend of new build, remodelling and refurbishment.
4.	Deliver the proposals as a separate D&B contract, funded by grant. HSSL to manage the D&B works and continue to undertake the lifecycle, maintenance and operation under the terms of the existing PFI contract.	<ul style="list-style-type: none"> • the appointment of HSSL in an agency capacity will be subject to procurement rules should payment arrangements for this role breach procurement thresholds; • the D&B contracts will need to be competitively tendered – in any event, HSSL no longer has a partner contractor; and • legal/procurement advice suggests that the lifecycle, maintenance and operation of the remodelled buildings can be undertaken under the existing PFI arrangements. This should deliver economies of scale.
5.	Deliver proposals as a separate D&B contract, funded by grant. The works to be managed by an organisation different from HSSL, but with the completed asset transferring into the existing PFI contract on D&B completion.	<ul style="list-style-type: none"> • the new partner appointed to manage these works would need to be appointed on the basis of a new competition; • the facilities would probably need to be removed from the Existing PFI contract whilst the D&B works are to be undertaken. This will mean suspension of the existing PFI contract and issues as to cost and arrangements for continued operation of these sites – this is likely to be more difficult if there is a third party (not HSSL) managing the works; and • there will be interface issues between the new partner, managing the work on the Existing PFI schools, and HSSL. This may give HSSL the opportunity to renegotiate both price and risk transfer on the Existing PFI, thereby potentially eroding the VFM of the Existing PFI arrangement.

Current advice from PfS is that the works to the existing PFI schools will be funded by Capital Grant. This means that any arrangements need to preserve the lifecycle and maintenance regime currently existing as there is no additional funding for the lifecycle of these buildings. The focus should be on whether HSSL can/should be appointed as procurement agent or whether a separate organisation be appointed. Consequently, Options 4 and 5 have been taken forward for further consideration.

3.4 Voluntary Aided Schools

The Voluntary Aided schools in the Borough are not part of the Existing PFI arrangements.

The Council has considered a range of options for the delivery of BSF investment on the VA sites. Potential options are considered in Table 5, together with the outcome of the Council's high level option appraisal.

Table 5 : Options for Delivering the Voluntary Aided School Remodelling

Ref	Option Considered	Council Appraisal of Option
1.	Deliver proposals as a DBFO variation to the existing PFI contract.	<ul style="list-style-type: none"> the issues raised in Table 3 are also relevant here; Eversheds has advised that there is a procurement risk in delivering this investment through the Existing PFI. Only St Thomas Moore school was included on the original OJEC notice and, as this school's governing body withdrew from the Existing PFI procurement, their participation would also potentially be subject to challenge; no PFI credits have been offered for this investment; and the BSF policy is for only total new-build solutions to be funded by PFI credits – the proposed works to be undertaken on the VA schools involve minimal new build.
2.	Deliver proposals as a separate, standalone PFI contract, outside of the existing PFI contract	<ul style="list-style-type: none"> the BSF policy is for only total new-build solutions to be funded by PFI credits – the proposed works to be undertaken on the VA schools involve minimal new build; no PFI credits have been offered for this investment; and the schools would not be able to take advantage of the economies of scale offered by having lifecycle, maintenance and operation undertaken by HSSL, as incumbent PFI provider.
3.	Deliver the proposals as a separate D&B contract, funded through grant or supported borrowing, with the completed asset being transferred, by way of variation, into the existing PFI contract, for lifecycle, maintenance and operation.	<ul style="list-style-type: none"> this would be a relatively straightforward procurement for a D&B contractor; there would be economies of scale in including the new facility in the existing lifecycle and maintenance regime; and as stated above, the inclusion of the VA schools in the Existing PFI contract may be subject to procurement challenge.
4.	Deliver proposals as a separate D&B	<ul style="list-style-type: none"> this would be a relatively straightforward

Ref	Option Considered	Council Appraisal of Option
	contract, funded through grant or supported borrowing, but with the completed asset not transferred into the existing PFI contract on D&B completion.	<p>procurement for a D&B contractor;</p> <ul style="list-style-type: none"> no economies of scale would be secured as a result of the exclusion of the investment from the existing PFI arrangements, unless HSSL's subcontractors were successful in tendering for this contract; and uncertainty as to who would provide maintenance and asset management services, as all other secondary schools are managed by HSSL. However, this may suit the requirements of the VA Governing Bodies.

In conclusion, it is unlikely that there will be PFI credits available for the VA schools and the investment will be funded by grant – this means that Options 1 and 2 should be discounted. The Council, acting on legal advice, considers the inclusion of the BSF investment as part of the Existing PFI arrangements to represent a procurement risk – this means that Option 3 should be discounted. This leaves Option 4, the letting of new contracts for the design and build of the BSF works and the inclusion of lifecycle and facilities management services in a wider Borough solution, as the preferred option.

3.5 ICT – Managed Service Partner

The Council recognises the importance that ICT will play in delivering the aspirations of the BSF programme. Accordingly, the Council has invested significant resources in developing its thinking on how best to deliver ICT led educational transformation. The result of this work is a detailed ICT output specification for a managed service contract to be undertaken by an ICT Managed Service Partner (MSP).

The Council is of the opinion that the ICT procurement, albeit being important, should not drive the overall BSF procurement approach. At this stage, it is important to note that the existing PFI contract does not include ICT – there is an interface between ICT infrastructure provision and the maintenance of the fabric, but this is more a procedural interface, rather than a service interface.

A key consideration for the Council is the timetable for the BSF programme. With the 6th form centre due to be operational in September 2007 and the Wave 4 investment not expected to be completed until after 2010, any ICT MSP procurement needs to take into consideration the proposals for ICT integration during this investment period. The Council is therefore seeking a partner who will have the requisite skills to lead this integration process.

At this stage, the Council is limiting the role of the ICT MSP services to the secondary school facilities but will draft the OJEU notice broadly so as to enable a broader range of services to be included at a later date should circumstances dictate.

The Council has identified a number of options for the procurement of the ICT MSP. These options are set out in Table below.

Table 6: ICT MSP Procurement Options

Ref	Option Considered	Council Appraisal of Option
1.	Use Existing contract arrangements to deliver the BSF ICT MSP services.	<ul style="list-style-type: none"> the Council does not have existing arrangements with an appropriate ICT

Ref	Option Considered	Council Appraisal of Option
		provider.
2.	Procurement of an ICT MSP independently from any of the other elements of the BSF programme.	<ul style="list-style-type: none"> given the complexity of this BSF procurement, this option appears appropriate.
3.	Seek HSSL to procure an ICT MSP and deliver the ICT requirements to all of the schools covered in the BSF programme.	<ul style="list-style-type: none"> ICT was not included on the original OJEC notice and any attempt to add ICT into the Existing PFI arrangements may contravene procurement legislation; HSSL have not demonstrated either the desire or expertise to manage the ICT integration; and only schools in the original PFI OJEC notice would be available for consideration.
4.	Procure a Private Sector Partner (PSP) to manage all elements of the BSF programme – thereby requiring the PSP to come forward with an ICT MSP in its consortium.	<ul style="list-style-type: none"> this would deliver the level of integration sought by PfS, through the national model of procurement; and the interface with HSSL has been discussed in considering the other Elements of the BSF programme. This approach would involve unravelling the Existing PFI arrangements – this has been discounted on VfM grounds.

In conclusion, the Council will need to procure an ICT MSP partner in such a way that the ICT MSP is able to integrate the ICT elements of the BSF programme in as efficient a manner as possible, given the procurement methodologies adopted to deliver the other Elements of the BSF programme. At this stage, Option 2 would appear to be the only appropriate option available. A key issue for the Council is to consider the timing of this procurement and the likelihood of buy-in from the schools.

3.6 New 8FE School & Pupil Support Centre

At this stage, it is assumed that both of these facilities will be new build facilities. Potential options are considered in Table 7, together with the outcome of the Council's high-level option appraisal.

Table 7: Options for Delivering the 8FE New School and PSC

Ref	Option Considered	Council Appraisal of Option
1.	Deliver proposals as a DBFO variation to the existing PFI contract.	<ul style="list-style-type: none"> Eversheds have advised that there is a procurement risk in delivering these facilities through the Existing PFI arrangements as neither facility was envisaged or referred to in the original OJEC notice; the legal acceptance of extending the Existing PFI contract is in question. The proposed capital cost of the 8FE and PSC would exceed 50% of the capital value of the Existing PFI contract;

Ref	Option Considered	Council Appraisal of Option
		<ul style="list-style-type: none"> to seek a design, build, finance, operate solution (DBFO) would require HSSL to take additional borrowings. The willingness and ability of HSSL to borrow using the existing special purpose vehicle is questioned and was viewed as a significant procurement risk; the construction activities for the Existing PFI are largely complete and Jarvis Construction is no longer active in the Education PFI market. Consequently, a new contractor would need to be procured in any event; and a DBFO solution would require HSSL to borrow funds with a much shorter debt maturity than the original funding – as the contract is in its 5th year of operation.
2.	Deliver proposals as a separate, standalone PFI contract, outside of the existing PFI contract	<ul style="list-style-type: none"> the facilities would not be able to take advantage of the economies of scale offered by having lifecycle, maintenance and operation undertaken by HSSL, as incumbent PFI provider; the Department has not offered PFI credits as a mechanism for funding this investment; procuring by way of a separate PFI would also exclude the facilities from any estate wide lifecycle and FM proposals that may be delivered on other facilities to be procured under the BSF programme. However, any incumbent provider of these services on other facilities would be in a strong position to bid for this contract; and HM Treasury guidance, on VfM grounds, is for a minimum capital value for PFI contracts of £20 million – the required investment is above this level and therefore a VfM scheme could be delivered.
3.	Deliver the proposals as a separate D&B contract, funded by grant, with the completed asset being transferred into the existing PFI contract, for lifecycle, maintenance and operation, as a variation.	<ul style="list-style-type: none"> this would be a relatively straightforward procurement for a D&B contractor; there would be economies of scale in including the new facility in the existing lifecycle and maintenance regime operated by HSSL; and Eversheds has confirmed that there is a procurement risk in extending the Existing PFI arrangements to these additional facilities.
4.	Deliver proposals as a separate D&B contract, funded by grant, but with the completed asset not transferring into the existing PFI contract on D&B completion.	<ul style="list-style-type: none"> this would be a relatively straightforward procurement for a D&B contractor; procuring by way of a separate PFI would also exclude the facilities from any estate wide lifecycle and FM proposals that may be delivered on other facilities to be procured under the BSF programme. However, any incumbent provider of these services on other facilities would be in a strong position to bid

Ref	Option Considered	Council Appraisal of Option
		for this contract; and <ul style="list-style-type: none"> • uncertainty as to who would provide maintenance and asset management services, as all other secondary schools are managed by HSSL.

Assuming these two facilities are new-build facilities and that the timetable for the completion of the facilities is the same, it would make sense to procure a single building contractor to deliver the investment as a single contract, thereby securing economies of scale on the building works.

The use of the PFI for the delivery of these facilities has been considered but discussions with PfS suggest that PFI funding would not be available for this investment. [Need to make this more robust].

In conclusion, the new 8FE secondary school and Pupil Support Centre should be delivered as D&B contracts with lifecycle and maintenance being undertaken in a Borough wide solution.

3.7 Facilities Management Services

BSF guidance is not prescriptive as to which services a local authority should include as part of the procurement. For PFI projects, there will be a requirement for a minimum level of services, such that the projects comply with the Capital Finance Regulations for off balance sheet treatment.

The Existing PFI contract includes all accommodation related services, with the exception of catering. From a practical perspective, it would make commercial sense for the providers of these services on the Existing PFI estate to provide these services to all the schools in the BSF programme. However, there are a number of issues that require consideration:

- HSSL currently sub-contracts the soft facilities management services (cleaning, caretaking, grounds maintenance and pest control) to Jarvis Accommodation Services (JAS). The future of JAS's FM operations is unclear and HSSL may need to replace JAS in the near future;
- the first benchmark date on the Existing PFI Contract is due in October 2005;
- the procurement of a service provider for the BSF facilities, that are not currently in the Existing PFI scheme, will require a further level of competition; and
- the VA Governing Bodies may not wish to enter into contracts with the HSSL nominated suppliers procured for the rest of the estate.

In conclusion, the procurement of a facilities management provider for the whole estate is preferable, as this will deliver consistency of service provision and economies of scale benefits. To deliver this solution, the Council has already commenced discussions with HSSL as to a joint procurement of a provider who will deliver across all the facilities.

3.8 Option Evaluation

Previous sections have documented the Council's intentions in terms of the procurement of:

- the 6th Form Centre;
- remodelling of the Existing PFI schools;
- the remodelling and refurbishment of the VA schools;
- ICT;
- the new 8FE school and PSC; and
- Facilities Management Services.

This section summarises the approach taken to evaluate these options.

The procurement options available to the Council can be evaluated on the basis of a number of high level critical factors. Failure against any of these factors should mean that the procurement option be dismissed. The factors considered are:

- Is the procurement option legally acceptable such that the procurement will not be open to legal challenge?
- Is the procurement option affordable to the Council taking into consideration the implications of the procurement on any existing contractual arrangements?
- Will the procurement option lead to an investment programme that is capable of practical implementation, thus allowing the secondary schools to continue functioning as an educational establishment during the investment phase? and
- Will the procurement option receive stakeholder support?
- A high-level option appraisal has been undertaken for each procurement option, using the above 4 criteria – the results of this appraisal are set out in Appendix 3.

In conclusion, the options, for procurement of the different Elements of the BSF programme that need to be taken forward to the next stage are:

Table 8: Procurement Options – Results of High-level Evaluation

Procurement	Short listed Options	
	Option(s)	Detail
The 6 th Form Centre	4	Immediate procurement of D&B solution with lifecycle and FM services to be provided by a contractor(s) separately procured under competition.
Remodelling of Existing PFI Schools	4	Procurement through new a D&B contractor, managed by HSSL, with lifecycle and FM services to be provided by HSSL; or
	5	Procurement through a new D&B contractor, not managed by HSSL, with lifecycle and FM services to be provided by HSSL.
Remodelling and Refurbishment of the VA Schools	4	Procurement through a new D&B contractor, with lifecycle and FM services provided by a contractor(s) separately procured under competition.
ICT	2	Procurement of a single ICT MSP to coordinate ICT integration across all Elements of the BSF estate.

Short listed Options		
The New 8FE School and PSC	4	Procurement through new D&B contractor with lifecycle and FM services to be provided by a contractor(s) separately procured under competition.
Facilities Management Services	-	Procurement of a single FM contractor to deliver services across all of the BSF estate.

It may be appropriate to revisit some of the options, currently not shortlisted, at a later stage of the business planning cycle.

3.9 Conclusion

The shortlisted options identified in Table are the preferred options for the delivery of the different Elements of the BSF programme. Section 4 considers how these individual elements should best be procured as a package and the delivery mechanism that is best suited to deliver these objectives

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Building Schools for the Future

Section 4 Delivery Model



4 Delivery Model

4.1 Overview

Section 3 considers how each of the different elements of the BSF programme should best be procured in isolation. Such an appraisal of the individual elements is not a standard approach for BSF – the requirement to consider each of the elements individually is largely driven by the need to integrate the BSF programme into the Existing PFI contract.

This section aims to clarify:

- the different delivery models available to the Council and to make an initial conclusion on which model is appropriate;
- how the proposed delivery model will interface with the Existing PFI contract;
- how the proposed delivery model will interface with the provision of ICT;
- a consideration of the legal and contractual issues;
- how the proposed delivery model will enable the local objectives of the BSF initiative to be met; and
- how the proposed delivery models will enable the national objectives of the BSF initiative to be met.

Section 4.2 considers the delivery mechanisms available to the Council.

4.2 Delivery Models – Options

The Council has identified the following potential delivery models:

- A Local Education Partnership – a procurement of a single partner to deliver all aspects of the BSF programme;
- A Joint Programme Management Team – with the Council and HSSL combining resources to deliver the BSF programme; and
- A Dual Programme Management Approach – with the Council appointing a procurement agent to procure the BSF investment on schools outside the Existing PFI programme and the Council working directly with HSSL to deliver the BSF investment on the schools in the Existing PFI estate.

In assessing each of these three models, each model has been assessed against a number of key criteria. Table 9 summarises this high level appraisal.

Table 9: Delivery Models - High Level Appraisal

	Evaluation Criteria	LEP	Joint Programme Management	Dual Programme Management
	Retention of risk transfer arrangements on Existing PFI.	No	Yes	Yes
	Retention and develop ongoing partner relationships	No	Yes	No

	Evaluation Criteria	LEP	Joint Programme Management	Dual Programme Management
	with HSSL			
	Secure estate wide efficiencies on lifecycle and facilities management by single contractor appointment across whole estate.	Yes	Yes	Possible
	Efficiencies through the procurement of a single partner to undertake capital works across the estate.	Yes	Yes	Possible
	Minimise the risk of duplication in roles and hence deliver an efficient and effective programme.	Yes	Yes	No
	Minimise the time and resources required to establish the delivery framework	No	Yes	No

Taking each model in turn:

A LEP Model would require the termination of the existing PFI contract. As set out in Appendix 2, this would be an expensive option and one that, particularly given the current negotiations being conducted between HSSL and JAS, may lead to a significant erosion in overall VfM for the Council. The Council is keen to preserve the risk transfer on the Existing PFI arrangements and considers this would far outweigh the benefits of having a new partner to administer the whole BSF estate.

A Joint Programme Management Approach, in theory, should provide the best solution to the Council. The risk transfer on the Existing PFI contract will be protected and there is an opportunity to replace JAS with a new contractor. This would mean that the whole BSF estate would be subject to whole life services (lifecycle and FM) being provided by the same contractor(s). In addition, with HSSL working closely with the Council, the integration of the BSF investment on the schools in the Existing PFI estate will be undertaken in a coordinated fashion with protection of the risk position.

A Dual Programme Management Approach is an alternative to the Joint Programme Management Approach and can be adopted in the event that HSSL did not wish to or was not acting as an appropriate partner. The main drawback with this model is that a third party is introduced into the Council–HSSL relationship – this may provide tensions. A variation on this approach would be for an in-house Council team to undertake the management of the BSF investment on the schools outside of the Existing PFI arrangement. This would require significant investment in resources.

In conclusion, the Council considers a Joint Programme Management Approach is the most appropriate model, enabling the HSSL relationship to be retained and developed. This model is discussed further in the following sections.

4.3 The JPMT – An Overview

It is proposed to establish a Joint Programme Management Team (JPMT) is to facilitate the delivery of the Council’s BSF programme in a coordinated and consistent manner across the whole BSF estate.

The JPMT's role will focus on:

- i) the capture of efficiencies and economies of scale through coordinated programme management and the appointment of specialist subcontractors to undertake works/services to all facilities in the BSF estate;
- ii) the management and coordination of the BSF investment in those facilities that are subject to the existing PFI contract in such a way as to optimise this investment and, at the same time, retain the benefits of this pre-existing contractual relationship;
- iii) the establishment of a team with the capacity and skills to deliver both the BSF investment and, potentially, investment across all education assets in the Borough;
- iv) the development and delivery of a consistent BSF Output Specification across all facilities;
- v) the appointment and management of an ICT Managed Service Partner (MSP) to deliver an ICT Managed Service across all facilities and to ensure that the ICT solution is integrated into the design process;
- vi) the appointment and management of a Design Partner that will convert the BSF aspirations into deliverable outcomes; and
- vii) to monitor HSSL's contractual obligations in respect of the existing PFI scheme.

4.3.1 Legal Form

It is not intended that the JPMT is to be constituted as a separate legal body.

The relationship between HSSL and the Council is governed by the existing PFI contract. It is intended to retain this contract, with amendments where appropriate. However, it is not intended that these amendments will materially alter risk transfer secured on the existing PFI. Once the BSF investment is completed, the amended PFI contract should be sufficient to ensure that the PFI schools continue to be maintained and serviced to an appropriate Output Specification.

Consequently, it is the period during the implementation of the BSF investment that requires the development of new arrangements, including:

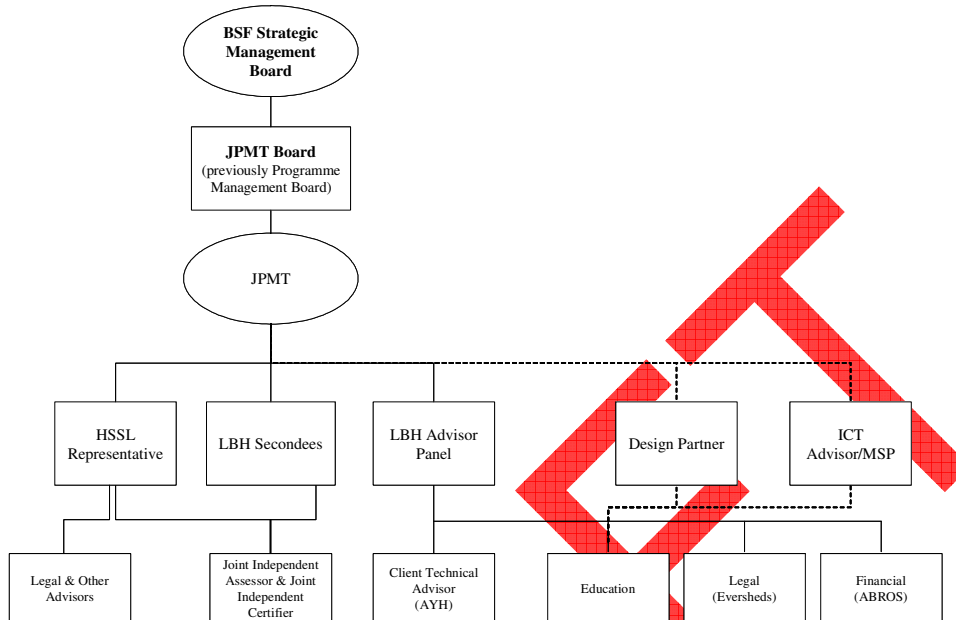
- i) the role of the parties in determining what the BSF investment will be;
- ii) the impact of the investment on the existing output specification and other contract terms;
- iii) the arrangements (including the impact on the ability to service the existing PFI project) whilst the BSF investment is ongoing; and
- iv) the procedures by which the upgraded facilities are accepted back into the PFI contract.

The arrangements required are broadly similar to those expected under a form of strategic partnering – whereby an existing partner is in place and the procuring partner requires (and expects) the cooperation of its partner. The Council has reviewed the BSF standard Strategic Partnering Specification and considers the scope of activities envisaged are too broad and, consequently, that this agreement is not an appropriate document to amend. As such, a more focused, project specific, strategic partnering agreement is envisaged.

4.3.2 Parties to the JPMT

Figure 1 sets out the proposed structure of the JPMT.

Figure 1: Structure of the JPMT



The following notes relate to Figure 1:

- i) The JPMT Board has the terms of reference as previously adopted by the Programme Management Board. The JPMT Board members are as for the existing Programme Management Board, with participation from an HSSL representative as appropriate.
- ii) The role of HSSL in the JPMT is to be viewed as that of an advisor and consultee. The ability for HSSL to influence the activities of the JPMT will be restricted. The HSSL representative may also be the SPV manager for the existing PFI contract.
- iii) There will be [4] LBH secondees in the JPMT, including a Project Director. These secondments will be full time appointments on an initial [2] year term.
- iv) An Advisor Panel has been appointed by LBH to deliver the Outline Business Case. It is intended that an Independent Assessor and an Independent Certifier will be appointed by the JPMT – both roles having a dual duty of care to both HSSL and the Council.
- v) The Design Partner and ICT Advisor/MSP are to be subject to a separate procurement, under competitive tender. The Design Partner will be responsible for developing design solutions for the sample schemes which will form part of the tender documentation used to select the subcontractors.

Both LBH and HSSL will formally commit to participation in the JPMT from [February 2006].

The JPMT will be located in dedicated office space to be provided by LBH. The HSSL representative, and any support, will be collocated so as to facilitate a genuine partnership ethos within the JPMT.

The JPMT will formally meet weekly and report back to the JPMT Board at least monthly.

4.4 Roles & Responsibilities of the JPMT

The successful implementation of the JPMT is dependent on:

- clarity in roles and responsibilities, within the JPMT, from the outset; and
- appropriate and robust risk sharing arrangements between both the JPMT members and the Partner subcontractors.

There are two high level roles that the JPMT is required to fulfil:

- i) the procurement of Partner subcontractors; and
- ii) programme management and the activities required of a public sector organisation.

These are two very different roles, but roles which overlap significantly, particularly given the existence of the ongoing PFI contract. Each role is considered separately in the following sections.

4.4.1 Subcontract Procurement

The JPMT will be responsible for procuring:

- i) Design and Education Visioning Partner(s);
- ii) an ICT Managed Service Partner (MSP);
- iii) build contractor(s);
- iv) a Lifecycle and Hard Facilities Management (FM) contractor; and
- v) a Soft FM partner(s).

Individual or consortia of contractors may put themselves forward as potential subcontractors for one or more of the above activities.

For each of the above procurements, it is important to consider which parties within the JPMT:

- are responsible for developing tender documentation;
- will be responsible for selection of the Partner subcontractor;
- will be the contracting party;
- will manage the contract and instruct the Partner subcontractor;
- will assume the risk of cost overruns and/or subcontractor failure; and
- will, in the case of advisory fees, assume the cost of these fees.

The following paragraphs seek to identify how these roles and responsibilities will be allocated.

Design Partner & Education Visioning

Table 9 sets out the envisaged responsibilities for this procurement. As set out in Table 10, it is expected that the Design Partner will sit on the JPMT. It is envisaged that the Education Visioning Team will be a member of the JPMT throughout the duration of the BSF investment phase.

Table 10: Procurement Arrangements – Design Partner & Education Visioning

	Specification Developed by	Advertised in Name of	Selected by	Contracting Party	Instructed by	Costs Paid by
Non-PFI Facilities	JPMT	LBH	JPMT	LBH ¹	JPMT	LBH ²
Existing PFI Facilities	JPMT	LBH	JPMT	LBH ¹	JPMT	LBH ²

Notes to Table

1. LBH will be the contracting party up to the point that contracts are let with the design build subcontractors (DBC).
2. The design costs will be recovered as part of Project Costs.

ICT Advisor/MSP

Given the timing of the BSF procurement, the Council intends to procure an ICT advisor to assist in developing initial designs for the sample scheme and to advise on the scoping and procurement of the ICT MSP arrangements. Table 11 sets out the envisaged responsibilities for the procurement of the ICT MSP.

Table 11 : Procurement Arrangements – ICT MSP

	Specification Developed by	Advertised in Name of	Selected by	Contracting Party	Instructed by	Costs Paid by
Non-PFI Facilities	JPMT	LBH	JPMT	LBH	JPMT	LBH
Existing PFI Facilities	JPMT	LBH	JPMT	LBH	JPMT	LBH

Design & Build Contracts

As discussed in Section 1, it is the Council's intention that the Design Partner will develop designs that will form part of the tender documentation presented to the DBCs.

Table 12 sets out the envisaged responsibilities of this procurement.

Table 12: Procurement Arrangements – D&B Contracts

	Develop Specification for 'Sample'	Advertised in Name of	Selected by	Contracting Party	Instructed by	Risk for cost overruns borne by
Non-PFI Facilities	JPMT	LBH	JPMT	LBH	JPMT	LBH
Existing PFI Facilities	JPMT	LBH	JPMT	LBH ¹	JPMT	LBH

Notes to Table

1. The Council will contract with the DBC to deliver the BSF investment. However, any warranties in respect of the D&B contracts will be assigned to HSSL. HSSL will accept the upgraded facilities and operate these facilities under the terms of a revised output specification).

Lifecycle & FM

It is envisaged that the lifecycle and Hard FM [and caretaker and Help Desk facility] activities for all facilities will be procured from the same contractor, but under different contractual arrangements. [This arrangement is dependent on the outcome of discussions between HSSL and its existing subcontractors].

Table 13 sets out the envisaged responsibilities for this procurement.

Table 13: Procurement Arrangements – Lifecycle & Hard FM

	Develop Specification	Advertised in Name of	Selected by	Contracting Party	Management of Contract	Risk of subcontractor Failure/Lifecycle Fund Shortfall
Non-PFI Facilities	JPMT	LBH 1	JPMT	LBH 3	JPMT ⁴	LBH
Existing PFI Facilities	JPMT	n/a ²	HSSL	LBH 3	HSSL ⁴	HSSL

Notes to Table

- i) Advert will seek a partner to provide services to the non-PFI facilities only.
- ii) No separate advert required, as HSSL are simply replacing their existing provider.
- iii) The procurement will seek a single provider to undertake the services across all the schools to a consistent specification. However, the contract for the non-PFI facilities will be with the Council and the contract for the PFI facilities will be directly with HSSL.
- iv) Given the intention to have a single contractor for all facilities, it is considered appropriate to monitor the Hard FM contract through the JPMT. However, HSSL will be responsible for managing the lifecycle fund on the Existing PFI properties.

Soft FM Services

It is envisaged that a single FM provider will be procured for the cleaning, pest control and grounds maintenance services for the PFI schools. Separate subcontractors may be procured for the non-PFI schools. Table 1 sets out the envisaged responsibilities for this procurement.

Table 1: Procurement Arrangements – Soft FM Services

	Develop Specification	Advertised in Name of	Selected by	Contracting Party	Management of Contract	Risk of subcontractor Failure
Non-PFI Facilities	JPMT	LBH 1	JPMT	LBH 2	JPMT	LBH
Existing PFI Facilities	JPMT	n/a ²	HSSL	LBH 2	HSSL	HSSL

Notes to Table

- i) Advert will seek a partner to provide services to the non-PFI facilities only.
- ii) No separate advert required, HSSL are simply replacing their existing provider.
- iii) The procurement will seek a single provider to undertake the services across all the schools to a consistent specification. However, the contract for the non-PFI facilities will be with the Council and the contract for the PFI schools will be directly with HSSL.

4.4.2 Programme Management & Sponsor Activities

In addition to the subcontractor procurement activities, the JPMT will undertake a wide range of activities that will require different levels of participation from HSSL. Table 11 summarises these activities:

Table11: JPMT Programme Management & Sponsor Activities

Ref	Activity	Responsibility	Comment
1.	Business Case development and liaison with PfS/DfES	LBH	HSSL will be advised of progress and will provide appropriate input into costings to enable pricing of business cases
2.	Stakeholder Liaison: Non-PFI facilities; Existing PFI facilities.	LBH Joint	HSSL will be party to stakeholder consultation on the Existing PFI facilities.
3.	Stakeholder Approvals	LBH	Obtaining approvals for the BSF investment will be LBH's responsibility for all facilities.
4.	Processing of Outline and Final Planning Applications, as appropriate for: Non-PFI facilities; and Existing PFI facilities	LBH Joint	
5.	Benchmarking Procedures for Soft FM	Joint	This will be a joint exercise, with due recognition of the provisions of the Existing PFI contract.
6.	Utilities Management: purchasing arrangements for all facilities.	Joint	Purchase of utilities should be open book and subject to compliance with wider Council procurement initiatives
	Volume Management (risk) on: • Non-PFI facilities; and • Existing PFI facilities	LBH HSSL	Schools will assume this risk. As per existing PFI arrangements.

Ref	Activity	Responsibility	Comment
7.	Insurance During the BSF Investment phase: • Non-PFI facilities; and • Existing PFI facilities	LBH [HSSL]	Building subcontractor will take out appropriate insurance [Need to consider interface with Build contractor]
	Post BSF Investment: • Non-PFI facilities; and • Existing PFI facilities	LBH HSSL	Likely to be incorporated into wider Council policy As per existing PFI arrangements
8.	Client-side Contract Management and Monitoring: • Non-PFI facilities; and • Existing PFI facilities	LBH LBH	Monitoring of performance across all facilities will be the responsibility of LBH. This will be conducted in an open and transparent way through the JPMT.
9.	Strategic Development of sites and submission of bids for capital to fund future co-location of services	Joint	Both parties will be responsible for discussing and assisting in the development of bids for targeted capital

The 'Responsibility' column specifically allocates accountability within the JPMT. The emphasis here is on joint working and collaboration and **not** the removal of responsibility from respective parties.

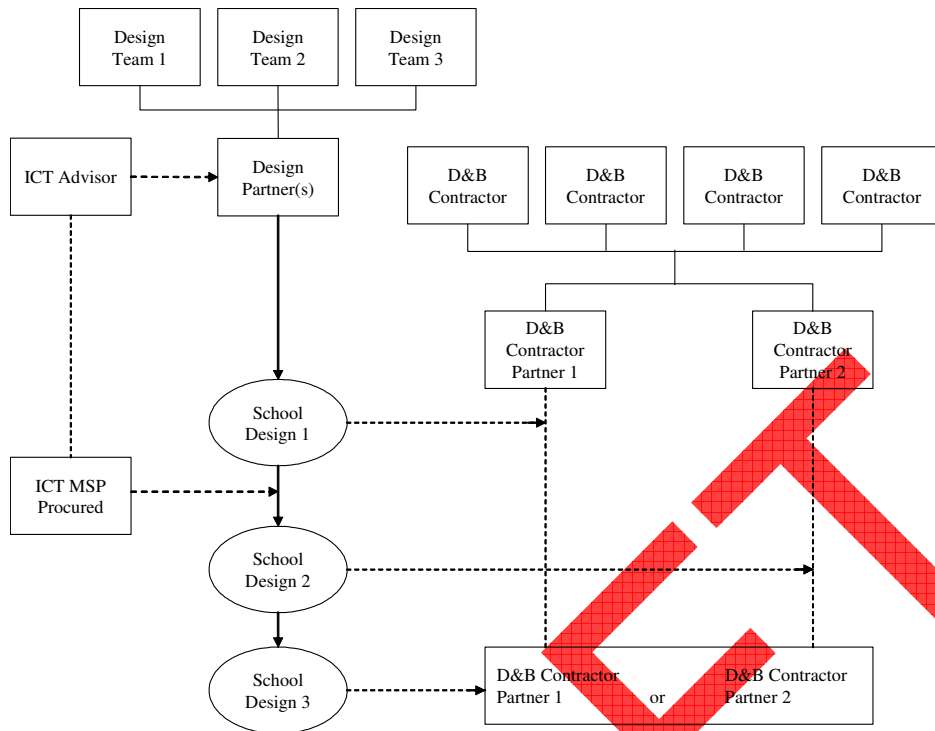
4.5 Delivery through the JPMT Model

The Council has developed a Design Development Approach for the delivery of the BSF investment through the JPMT.

This approach assumes that a Design partner(s) is procured at an early stage and this Design Partner works closely with the Council to develop detailed schemes before any engagement with Design & Build (D&B) contractors.

Figure 2 sets out the proposed approach.

Figure 2: Design Development Approach



The Design Development Approach procurement would operate as follows:

- i) a design competition on a single sample remodelling & refurbishment project so as to appoint a Design Partner(s). The procurement decision will be based on the quality of the sample solution proposed for the sample scheme, Design Partner capacity, demonstration of ability to partner and the interpretation and understanding of the Council's Education Vision;
- ii) the preferred Design Partner will work with the ICT Advisor and Technical Advisor to develop a detailed design and Output Specification for the sample school. The design will be to RIBA Stage E;
- iii) a competition will be run for the shortlisting of [4] D&B contractors (DBC's) specialising in remodelling/refurbishment;
- iv) the tender documentation (including detailed design, Construction contract and Output Specification) will be issued to the [4] shortlisted DBC's. The [4] DBC's will finalise a detailed design and provide a fixed price for the sample scheme;
- v) the JPMT will evaluate the tender returns and selects [2] DBC's as Partners;
- vi) the DBC with the highest evaluation score is awarded the sample school project. The other DBC is requested to price the second school project, this price will be benchmarked against the elemental prices bid on the sample scheme; and
- vii) the Council's Design Partner will then work up subsequent schemes and the 2 DBC's will bid in competition for these contracts.

4.6 Legal & Contractual Issues

A number of legal and contractual issues have been identified in respect of the proposed formation and remit of the JPMT. These issues are set out in Table 12.

Table 22: Legal & Contractual Issues

	Legal Consideration	Initial Advice/ Status
1	Is it appropriate for HSSL to act as a joint programme manager and can HSSL obtain payment for this role?	Legal advice suggests that HSSL can be appointed in an agency capacity to work alongside the Council in the JPMT and can receive appropriate remuneration for this role.
2	Should the Council, through its participation in the JPMT, be involved in selecting subcontractors that will be used by HSSL to service the Existing PFI contract?	HSSL will be entering into separate contracts with the subcontractors in respect of the PFI estate. As such, there will be no dilution of risk transfer on the Existing PFI arrangement.
3	In the event that the Council procures the new 8FE school and the PSC through PFI, would HSSL and/or the subcontractors selected by JPMT be able to bid to become the Council's PFI partner for this work?	The Council is satisfied that, should a PFI procurement be pursued for these facilities, that an open and transparent procurement would enable HSSL to bid for this work without the risk of challenge.
4	It is assumed that HSSL and the Council will enter into separate contracts with the subcontractors for lifecycle, Hard FM and Soft FM – HSSL will contract for the PFI schools and the Council for the non-PFI schools. The issue of cross terminations and cross default on different contracts with the same subcontractor may arise.	The Council is satisfied that this issue can be addressed by way of appropriate variation clauses within the contracts.
5	Funder approval for the impact of the BSF investment on the existing PFI scheme will be required.	SMIF informs the Council that this issue was discussed as part of the acquisition of HSSL. Funder approval of this PBC will be secured in due course.
6	Given the Council does not have certainty of lifecycle funding for the non-PFI facilities, what length of contract will the Council seek in respect of the lifecycle, Hard FM and Soft FM services and how will these requirements impact on HSSL's negotiations with the same contractors for a 20 year contract?	The tender documentation will seek clarity on how to optimise the contractual arrangements. The Council remains committed to a whole life approach to all the BSF assets.
7	Will the replacement of JAS by HSSL be seen as a termination event and, if so, is this an issue for the Council?	HSSL has advised that it will manage the JAS relationship in such a way as to avoid any contractual or financial implications for the Council.
8	What contract term is envisaged for the ICT MSP?	This will be determined once the ICT specification is finalised.
9	Partner F (newbuild contractor) and Partner B (remodel/refurbishment contractor) will be appointed as subcontractors on some form of framework arrangement so that future investment on the sites can be undertaken by this subcontractor	The Council is in the process of finalising its position in respect of the scope of the BSF procurement.

	Legal Consideration	Initial Advice/ Status
	without the need for further procurement. Will these contractors be granted exclusivity? What term will the framework arrangement be?	

The legal and contractual issues set out in Table 13 are subject to ongoing review and consideration. In particular, the Council is considering a number of options as to the precise legal form of the JPMT vehicle. Whichever legal form is adopted, the Council intends to adopt many of the principles set out in the standard BSF Strategies Partnering Services Specification.

At this stage of the Business Planning process, the Council has not identified any legal or contractual issues which would prevent it from proceeding with the envisaged JPMT model for delivery of the BSF investment. Counsels opinion will be sought once further clarity on contractual issues is achieved.

4.7 Meeting Local Objectives

The Executive Summary of the Council's SBC sets out 5 strands of strategic focus on which transformational change is based. Strand 5 – The Haringey School – is relevant to this appraisal. Table 13 sets out the desired outcomes for Strand 5 and how the JPMT Model assists in the delivery of these objectives.

Table 13: Meeting Local Objectives

Outcomes	Will the JPMT Deliver the Outcome?
Build a new 6 th Form Centre in the East of the Borough by September 2007	This is programmed into the procurement
Make an early and significant investment to transform the provision and use of ICT	The appointment of the ICT partner is viewed as a priority and procurement will commence in early 2006
Enable secondary schools to provide extended services	By linking all schools into a common programme through the formation of the JPMT, this outcome should be achieved
Reduce the forms of entry in East Borough schools so that they can better meet the complex needs of young people and they serve	This outcome is programmed in as a Phase 1 scheme. The formation of the JPMT will enable a rapid appointment of a design team to commence detailed feasibility studies
Begin Phase 1 development of BSF 'keys to success' schools and establish an inclusive Learning Campus	The JPMT will work on identifying the form and nature of the Learning Campus
Include all other schools in Phase 2 of BSF	The JPMT enables the PFI schools to be accommodated into the BSF programme
Build a new school to open in September 2010 with Year 7 students	The JPMT will consider the most appropriate timing and procurement process for this facility
Include all Special schools within mainstream secondary schools by 2008	The inclusion strategy will be adopted by the JPMT and will form part of the design development process
Establish resourced provision attached to two secondary schools for students who are blind or partially sighted, and for those who have autistic spectrum	This strategy will be adopted by the JPMT and included in the design development process

Outcomes	Will the JPMT Deliver the Outcome?
disorders	
Develop on-site support units in all schools to enable more students with social, emotional and behavioural difficulties (SEBD) to received multi-agency support	This strategy will be adopted by the JPMT and included in the design development process
Develop the current off-site provision for students with severe and complex SEBD to provide highly specialised services to a smaller number of students	This strategy will be adopted by the JPMT and included in the design development process
Increase the number and range of specialisms in Haringey secondary schools, with facilities shared by other schools	The JPMT will work with Stakeholders to deliver the designed specialisms. The JPMT may be in a position to promote vocational training and seek partner subcontractors to propose appropriate initiatives as part of the partner selection process
Establish up to two training schools to provide initial teacher training and continued professional development	The JPMT will procure appropriate subcontractors under framework agreements, such that these additional premises can be efficiently delivered
Open a new Youth Centre and a Centre for the Duke of Edinburgh award	The JPMT will procure appropriate subcontractors under framework agreements, such that these additional premises can be efficiently delivered

4.8 Meeting National Objectives

Page 12 of the launch document for BSF sets out what the BSF initiative is seeking to achieve in Table 14 identifies these objectives and makes comment as to how the Integrated Procurement Model assists in the delivery of these objectives:

Table 14: National Objectives of the BSF Initiative

	Objective	Will the JPMT Deliver the Outcome?
1	Reform in the way that funding is allocated	This objective is being met by the approach to funding the BSF initiative, as managed by PfS.
2	Reform in the way that we achieve education transformation	The delivery against the outcomes set out in 0 will achieve the desired transformation
3	Reform in the way that we design schools	The JPMT will appoint a design champion who will work in partnership with the JPMT to develop solutions for the remodel and refurbishment schemes. It is intended that this design team will then novate into the partner contractor
4	Reform in the way that we procure schools buildings and facilities	The BSF programme itself is reform in procurement. The JPMT Model seeks to use the existing relationship with HSSL to ensure that the BSF programme can sit alongside the Existing PFI programme.

	Objective	Will the JPMT Deliver the Outcome?
5	An historic opportunity for people to agree a clear and innovative vision for education across their area	The development of the SBC will enable the stakeholders to buy into and inform this vision. Being a Borough-wide initiative we have a clear unity of purpose plus mutual duty.
6	Achieve a step-change in the quality of school buildings for every secondary pupil	The BSF output specification will facilitate this.
7	Move away from 'patch and mend' to 'rebuild and renew'	The Council has already moved away from patch and amend through its existing PFI programme, which focused on delivering and sustaining improvements to the condition of all schools. BSF moves this on to address issues of suitability and sufficiency of accommodation across the secondary estate. The JPMT Model allows efficiencies in procurement in that the condition issues remain addressed by retaining the PFI contract.
8	Create an environment in which to achieve education transformation and innovation	The BSF process – linking the SBC to the project outcomes – will encourage innovation and transformation via the change management team.

In summary, the Council considers the JPMT Model will facilitate the achievement of the national objectives of the BSF programme.

4.9 Market Interest

The JPMT will undertake much of the design and programme development work. As such, the bid costs involved in achieving partner status as a subcontractor on this BSF will be low and, consequently, it is expected that there will be significant interest from a range of service providers. In particular, the Council is aware of significant interest from medium sized regional contractors. This interest is evidenced by the high number of contractors who applied to be on the Council's recently procured contractor panel.

The Council intends to hold a bidders day once this PBC has been approved and once there is some degree of certainty as to the type of partner contractor that the Council will be seeking to appoint.

4.10 Conclusion

The Council is confident that the JPMT Model is the most appropriate model for delivering the Council's BSF programme and that the relationship with HSSL is such that this model is capable of successful implementation and will deliver value for money against alternative models

Building Schools for the Future

Section 5 Value for Money



5 Value for Money

5.1 Overview

This section considers whether the proposed procurement of the BSF investment through the JPMT will deliver VFM. This VFM is considered at two levels:

- firstly, whether the procurement approach is one that is likely to enable the Council to deliver an efficient procurement with optimal risk transfer and optimal outcomes - a Qualitative VFM Assessment; and
- secondly, to assess whether the JPMT Model will deliver better VFM than an alternative Local Education Partnership (LEP) procurement – a Comparative VFM Assessment.

Each of the VFM assessments – the Qualitative and Comparative assessments - are discussed further in the following sections. In addition, section 5.4, considers how the Council will deliver continuous improvement and VFM into the procurement process.

5.2 Qualitative VFM Assessment

The Qualitative assessment of VFM is based on Treasury Guidance – HM Treasury Value for Money Assessment Guidance – August 2004. This guidance is for PFI projects; so there is no specific requirement for the Council to complete such an assessment. However, the approach taken by the guidance is appropriate to the BSF programme, particularly as the BSF investment for Haringey is so closely linked to the existing PFI contract.

Table 15: HM Treasury Qualitative VFM Appraisal

Review Focus	Is a JPMT Model Procurement Appropriate?
Viability	
Achievement of objectives & Outputs	The contractual outputs/requirements will be based on existing best practices and the responses to these outputs and requirements will be capable of robust assessment. The contracts envisaged will be based on the achievement of set requirements of a standard BSF output specification. Each subcontractor selected will be selected on their ability to work with other partners selected to undertake other BSF related services. For example, partners undertaking refurbishment and remodelling works will be required to liaise with and respond to the requirements of the lifecycle partner. This contract signature will be facilitated through the JPMT.
Operational Flexibility	It is the intention to secure operational flexibility through the appointment of a single service provider to undertake each specific service over the whole BSF estate. The service provider will be contracted directly to HSSL for the PFI schools and to the Council for the non-PFI schools. The contracts will include appropriate benchmarking and variation clauses to facilitate the desired level of operational flexibility.

Review Focus	Is a JPMT Model Procurement Appropriate?
Equity, Efficiency & Accountability	<p>The services will be secured and delivered in such a way as to mirror the existing PFI contractual arrangements. The JPMT Model will deliver efficiencies across the whole estate through the joint procurement of contractors to service the whole life needs of both the PFI and the non-PFI estate.</p> <p>The ethos of the JPMT will be one of transparency between the participating responsibilities and obligations of HSSL and views the JPMT as the correct forum to enable both the Council and HSSL to be accountable for their respective responsibilities.</p>
Overall Viability	<p>The Finance Director is satisfied that, at this stage of the procurement, the JPMT Model is deliverable in the context of the BSF programme generally and the existing PFI contract specifically.</p>
Desirability	
Risk Management	<p>A key role of the JPMT will be to manage risks. By involving HSSL in the development of the design solutions on the PFI schools, the Council is seeking an open and transparent methodology for the pricing, allocation and management of the risk. The JPMT will adopt the rigour of risk management processes used on PFI schemes, but with a more equitable and open allocation of these risks to the parties best placed to manage them.</p>
Innovation	<p>An Output Specification, will encourage and facilitate the appropriate degree of innovation. Clarity on the financial constraints on the procurement will result in innovation being focused on deliverable outcomes. The design development approach to be adopted will facilitate a culture of continuous improvement and, at the same time, enable a longer design development period which will allow designers to work with all stakeholders in the push to deliver innovative solutions.</p>
Service Provision	<p>It is the Council's intention to procure partners to undertake all of the accommodation services, with the exception of catering. This should deliver efficiencies and continuity of service.</p> <p>Catering is excluded from the existing PFI scheme on the basis that schools value the existing scheme and that Best Value is being seen to be delivered on this service.</p>
Incentive & Monitoring	<p>The desired outputs of the BSF programme, in respect of the accommodation and ICT services, are capable of being articulated through a contract and these outputs will be both unambiguous and measurable.</p> <p>The services can be assessed against an agreed standard across the whole BSF estate. It is the intention to have a performance regime for both PFI and non-PFI assets.</p>

Review Focus	Is a JPMT Model Procurement Appropriate?
Lifecycle Costs & Residual Value	<p>The Council intends to develop a lifecycle and maintenance regime for all of the BSF assets. This regime will mirror the existing arrangements for the PFI schools albeit with some flexibility to enable schools to procure a level of service that fits within their budgetary constraints. It is also the intention that specific services will be undertaken for all schools by the same contractor. The integration of the design and build phases with lifecycle and whole life asset management will be managed by the JPMT.</p> <p>It is intended to obtain prices and service methodologies for a contract term running to 2025.</p>
Price Certainty	<p>Through the adoption of robust project development techniques, the JPMT will develop tender documentation and partnering arrangements which will deliver a high degree of price certainty on each element of the BSF investment programme.</p>
Overall Desirability	<p>The Finance Director is satisfied that, at this stage of the procurement, the benefits of the JPMT Model procurement should optimise risk and reward and so deliver an efficient, VfM procurement.</p>
Achievability	
Transaction costs & In-house Capacity	<p>Both the Council and HSSL are committed to ensuring that the JPMT is adequately and appropriately resourced/supported.</p> <p>Appropriate budgets have been set aside to fund the operations of the JPMT.</p>
Market interest & Competition	<p>The proposed subcontracts will be attractive to a range of private sector contractors. As the procurement disaggregates the services, the Council envisages that there has been significant interest in the procurement from regional contractors and operators. This interest will lead to healthy competition.</p>
Risk Transfer	<p>It is the intention that the JPMT Model ring fences the risk transfer on the existing PFI contract and, at the same time, will encourage bidders to deliver a consistent standard of service across the non-PFI schools. Detailed discussions have commenced with HSSL to ensure that risk transfer is optimised.</p>
Fit with Existing Partnering Arrangements	<p>The JPMT Model sits alongside and develops on the existing relationship with HSSL, to the benefit of the project as a whole.</p> <p>The JPMT Model has also been developed to enable the Council to undertake more of the project/programme management itself, as the BSF programme progresses, if circumstances dictate.</p>
Overall Achievability	<p>The Finance Director is satisfied that, at this stage of the procurement, the delivery of the BSF programme through a JPMT Model is achievable, given the Council's in-house resources and the attractiveness of the proposals to the market.</p>

The Council is confident that the JPMT Model is the most appropriate vehicle by which to secure value for money on its BSF investment. This value is achieved through

strong project management, appropriate risk transfer and the efficiencies to be secured by delivering a whole estate service solution.

5.3 Comparative Appraisal

In order for a meaningful quantitative VFM appraisal to be undertaken, there needs to be an alternative model against which to compare the JPMT Model. A LEP procurement would offer an alternative model, but at what cost to the Council?

This comparative appraisal calculates an annual cost to the Council, over 20 years – the Incremental Annual Cost. This Incremental Annual Cost is the additional cost that the Council will need to bear should it seek to establish a LEP and, in so doing, trigger a voluntarily termination of the existing PFI contract. In assessing whether an alternative model would secure better VFM than the JPMT Model, the alternative model would have to deliver VFM benefits at least equivalent to the Incremental Annual Cost.

The methodology adopted to calculate the Incremental Annual Cost is summarised in Table 16. The detailed calculations are included as Appendix 2.

Table 16: Calculation of the Incremental Annual Cost

Cost Category	Calculation	Incremental Annual Cost £m
Break Costs of the existing PFI	See Appendix 2. The Break costs are based on the following principles: the whole PFI contract is voluntarily terminated; the break assumes a current interest rate swap at 4.5%; the junior debt and share capital is valued at the project IRR of 6%; redundancy costs are assumed to be £100,000 – this would need to be confirmed; and loss of profit for sub-contractors, assume payout would be for next 5 years (Jarvis FM are entitled under their subcontract to damages payable as if a repudiatory breach of contract had occurred; so this may well understate their claim). The total compensation due to terminate the existing PFI is estimated at £55.5 million. The cost of servicing a PWLB loan for this amount at 4.5% is an annual cost of £4.3 million.	4.3
Cost of whole life services	See Appendix 2. Lifecycle: the remaining lifecycle fund in the PFI model is compared against the lifecycle cost as prescribed by PfS for BSF projects. The difference between the two funds is then annualised over the remaining 20 years of the PFI concession; Reactive maintenance service: the current annual allowance in the HSSL model is compared to the m ² rate typically used in current PFI projects; and Other: the Council has not revisited the utilities and insurance aspects, as any calculation would be highly complex. However, it is clear that any re-letting of the PFI contract would see increase in both these costs.	1.3

Cost Category	Calculation	Incremental Annual Cost £m
Costs of Procurement	<p>The costs of procuring a new partner are based on the costs of procurement and ongoing management costs for the LEP, as set out in PfS guidance:</p> <ul style="list-style-type: none"> £2.5 m procurement costs; £0.5 m LEP set-up costs; £0.5 m LEP operating costs in investment period; and £0.25 m LEP operating costs post investment period. <p>For the purposes of this calculation, the LEP operating costs are assumed to be consistent with the existing PFI SPV costs and are therefore excluded from the calculation of the Incremental Annual Costs.</p> <p>The total procurement costs are converted into an annual figure, although it is likely that the Council would need to borrow to pay these costs upfront.</p> <p>The costs of operating and setting up the JPMT are consistent with the Council's bid development costs that would be incurred as part of a LEP procurement.</p>	0.3
Total Annual Incremental Cost		5.9

In conclusion, any alternative to the JPMT would need to deliver VFM benefits equivalent to £5.9 million (2005 values) per annum for 20 years, or, a benefit, in capital investment terms, in excess of £50 million. As the Council considers the JPMT model itself would deliver VFM benefits by minimising procurement costs the potential for any alternative model to deliver the level of benefits required to cover the Incremental Annual Cost is viewed as remote.

The Council, in recognising the benefits of the national LEP model, has sought to develop the JPMT Model in such a way as to at least deliver the objectives of the LEP procurement. Appendix 4 sets out the Council's response to the PfS paper on the Justification for the LEP, dated March 2005 and issued to a number of Wave 1 authorities. In completing this analysis, the Council is confident that the JPMT Model will deliver at least equal, if not better, VFM than the LEP model. This assertion, together with the Incremental Annual Cost issue identified above, supports the Council's decision to proceed with the procurements using the JPMT Model.

5.4 VFM Management

The Council will strive to deliver continuous efficiencies in the way that it procures the BSF programme. Steps have been taken, and will continue to be taken, to introduce the following processes to meet this objective:

- design and build costs will be subject to ongoing benchmarking against other Council activities and PfS benchmarking indices;
- the JPMT will conduct workshops with its partners on emerging design and construction techniques. These workshops will draw on the experiences of HSSL (SMIF) on other schemes nationally;
- the JPMT will seek its supply chain of subcontractors to meet regularly, to identify areas for continuous improvement and to develop incentivised models to deliver this improvement;

- the ICT MSP will be asked to review the facilities management activities with a view to implementing ICT-driven efficiencies; and
- the selected contracting partners will be offered, on a non-exclusive basis, other contracts – this extension of their mandates should encourage realisation of economies of scale.

VFM management will become a standing agenda item on the BSF Project Board meetings. The Council will instil into all its partners the requirement to continuously review the way that they approach the investment programme.

5.5 Conclusion

The Council is confident that a well managed procurement approach will deliver value to the public purse. The focus is very much on establishing a structure in which roles and responsibilities are clear and where the benefits of the existing partnership with HSSL are retained and enhanced.

Given this focus on partnering, the Council is clear that it would not make commercial sense to terminate or materially amend the existing PFI arrangements. Although the relationship with HSSL is governed by a PFI contract the Council views the existence of the PFI contract as complementary and beneficial to the BSF programme, not a hindrance.

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Building Schools for the Future

Section 6

Risk, Risk Management & Project Management



6 Risk, Risk Management & Project Management

6.1 Overview

Effective risk management is the key to delivering a robust, VfM investment programme. In developing its procurement strategy, the Council has drawn upon its experiences of a range of major investment programmes, including its existing education PFI project.

This section summarises the key risks in that they have identified during the development of the JPMT and the completion of this PBC. The section goes on to document the procedures in place to allow the Council to capture project risks & to manage and mitigate against these risks and Project Management arrangements generally.

6.2 Procurement Risk

Table 17 summarises the high level risks of the Haringey BSF procurement and the steps taken to mitigate and/or manage these risks:

Table 17: Procurement Risk and Mitigation/Management

	Perceived Procurement Risk	Management/Mitigation
1	JPMT is inadequately resourced, such that the projects are not delivered to the programme	The Council has appointed a senior individual to lead their input on the JPMT. In addition, two further full time secondments have been made to the JPMT. HSSL has yet to identify its key individual, but is committed to doing so before the appointment of the build subcontractor panel. The Council is committed to developing on the existing in-house capacity as part of the wider objective to manage Borough wide assets.
2	The integration of ICT is not achieved through the procurement of an ICT MSP separate from other activities	The early appointment of an ICT MSP is viewed as a beneficial approach. The MSP will be able to play an active role in the design development process. The Council views this role as a catalyst to delivering BSF transformation, with their membership of the JPMT as a key requirement.
3	The whole life costing approach is frustrated by the appointment of separate partners for the capital investment and lifecycle activities	A key role of the JPMT is to integrate the different partners, similar to the role played by an SPV in a traditional PFI project. As such, the participation of HSSL on the JPMT will add considerable value and will greatly assist in delivering this integration. In addition, the partner selection process will major on the ability of organisations to deliver whole life solutions.
4	By establishing the JPMT, HSSL is in a position to amend the risk profile of the existing PFI contract, thereby eroding the VfM of this contract	The operation of the JPMT will need to be on an open book basis. The Council is confident that HSSL's involvement will be focused on stabilising the existing PFI SPV and creating value from the BSF investment. Both parties acknowledge that there are finite resources available for these facilities. The shadow JPMT has commenced with the appointment of independent technical advisors who will report jointly to the Council and HSSL. IT is the

	Perceived Procurement Risk	Management/Mitigation
		role of these advisors to deliver an equitable solution for both parties.
5	The Council and HSSL (through the JPMT) do not reach agreement on the choice of partner subcontractors	The evaluation process will be open and transparent with evaluation criteria agreed by the JPMT before bids are received. Partners will be required to provide collateral warranties appropriate to both the Council and HSSL. As the Council's and HSSL's objectives are aligned, it is improbable that this situation will occur. In the event that it does, the JPMT will need to consider any objections and act accordingly.
6	The BSF investment in the existing PFI schools does not deliver savings in lifecycle that should release funding from the existing PFI scheme to the benefit of the BSF programme	The Council has already raised this issue with HSSL. As part of the procurement of the independent technical advisor will be tasked to quantify the net benefit to the PFI estate of the BSF investment negotiations are ongoing as to how this benefit is crystallised and secured.
7	No market interest from contractors	The Council has recently made appointments to its contractor panel. There was significant market interest in this panel. The JPMT Model means a low entry cost for contractors which will make this scheme attractive.
8	Economies of scale on the BSF investment are not achieved due to the procurement at subcontractor level, as opposed to an integrated partner level	The economies of scale on the BSF programme nationally will largely be secured at the subcontractor level. The selection of subcontractors will focus on the ability and appetite of these contractors to deliver continuous improvement and value management. The JPMT Model allows regional contractors to build capacity and a track record, which will enable them to participate on other London-wide BSF programmes.
9	Stakeholder Approval for the BSF programme is not secured	A key role of the JPMT will be to engage closely with all relevant stakeholders from the start of Design Development through to operation of the BSF facilities. The JPMT model has been specifically designed to optimise this stakeholder liaison process.

The Council has reviewed and considered the key procurement risks and is confident that the risks are all capable of management and or mitigation.

6.3 Risk Management & Risk Mitigation

In order to ascertain the risks that could affect the BSF programme generally, the Council has allocated the responsibility for risk identification and risk management the JPMT Board.

Section 6 of the Strategic Business Case sets out the Council's risk assessment methodology, risk logs and their current assessment for the programme level. The Council's risk management processes will ensure that, as the programme and procurement develops, other risks may be identified, and then allocated to Strategic, Programme or Project level.

The JPMT Board has the task of ensuring that risk management is being actively pursued. It will be on the agenda at each monthly meeting of the JPMT Board. A monthly written report will be submitted to the JPMT Board indicating action taken to reduce/remove risks. The JPMT Board will monitor the ongoing Risk Register, considering Strategic and Programme risks. The JPMT Board will be tasked to mitigate or remove particular risks. Programme and Project level risks will be monitored fortnightly. If a risk were in danger of causing a major problem to the process, then it would be referred to the BSF Strategic Management Board for a decision on action to deal with that risk. For all risks, an individual risk and control assessment sheet is kept. These are fluid documents, which will change to reflect the current circumstances and actions to mitigate/remove the risk.

Site-specific risk logs will be developed as part of the ITN process.

The Council views the Gateway Review Process as an important part of the overall risk management process. This regular, formal independent review of the progress of the procurement and of the Council's risk management procedures is viewed as a valuable addition to the Council's existing procedures.

6.4 Project Management

6.4.1 Experience

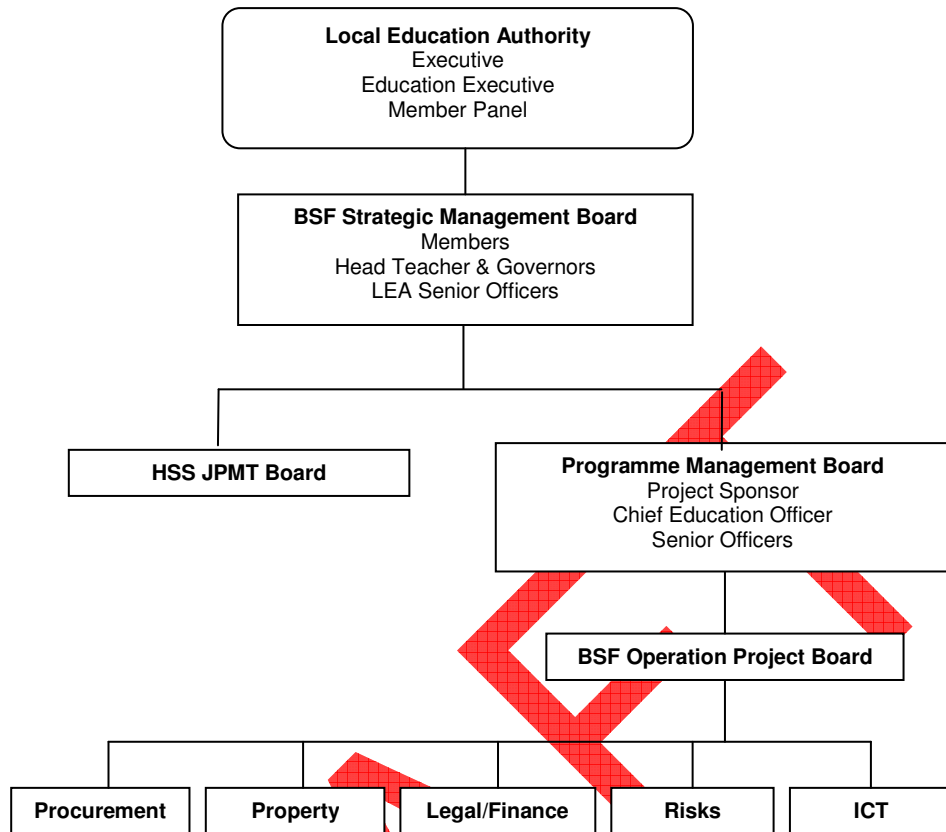
The Council can demonstrate significant experience in delivering a substantial PFI project on time to all the eight community secondary schools. The project commenced in 1998 and was completed in Summer 2003. The management and governance arrangements for the project demonstrate the capacity to deliver a large scale capital project managed on a multi site basis. The building and refurbishment phase of the PFI arrangement is now largely complete. External validation of the process can be found in an Audit Commission Review "Overview of PFI Schools Management arrangements Haringey London Borough Council" (October 2003).

Key members of the Project Teams responsible for the delivery of these initiatives are available to support the delivery of the BSF programme.

6.4.2 Organisation

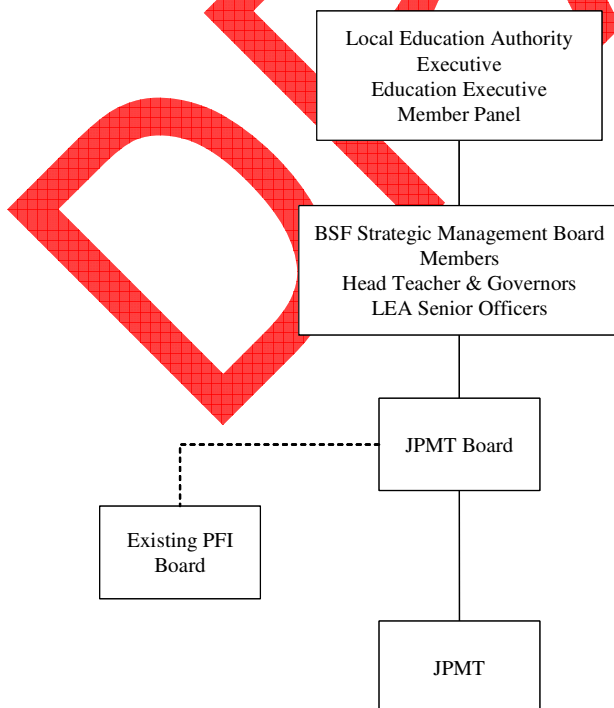
The current organisation structure for the BSF programme is shown in Figure 3 below.

Figure 3: BSF Programme Organisation



The above structure will be amended on formation of the JPMT. Figure 4 sets out the proposed revised structure.

Figure 4: Revised Programme Organisation



6.4.3 Advisors

The Council will utilise advisors as appropriate. Currently, the following advisors have been engaged:

- BSF Programme – Partnerships for Schools and DfES;
- Programme Management – MACE;
- ICT and Education – PLACE;
- Legal – Eversheds; and
- Financial – ABROS.

The development of the JPMT will seek to clearly define the scope and ongoing mandates for advisory support.

6.5 Conclusion

The Council has already commenced with the implementation of rigorous risk management procedures. The experience and capacity of the Project Team, supported by external advice and strong project management procedures, should enable the procurement risks to be effectively managed and mitigated

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Section 7 Stake Holder Support



7 Stakeholder Support Value for Money

7.1 Overview

There has been extensive consultation with all stakeholders on the BSF proposals. Details of the current status of this consultation process is set out in the SBC. This section of the PBC focuses specifically on the stakeholders support for the JPMT model.

7.2 Council Decision Making Process

Senior Officers have been closely involved in the development of the JPMT model. [This PBC has been endorsed by the BSF Strategic Management Board, as part of its remit to approve and issue the Strategic and Outline Business Cases].

7.3 Council Support

The Council is committed to supporting the existing HSSL relationship. The JPMT model has the support of the [Council's senior executive].

7.4 School Support

The schools are keen to have a single point of service delivery across the whole BSF estate. The PFI schools are satisfied with the service proved by HSSL. Schools also welcome the opportunity to be subject to a single ICT vision.

7.5 SMIF/HSSL Support

SMIF has given its in principle support for the establishment of the JPMT.

7.6 Conclusion

All relevant stakeholders have given their support to the JPMT Model. There is a willingness from all parties to accelerate the partner procurement and to commence BSF investment at the earliest opportunity

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Appendix 1

