

4ps

Building Schools for the Future – a guide for school governors and headteachers



local government's project delivery specialist



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Foreword

The Government's ambitious programme to transform secondary schools – Building Schools for the Future (BSF) – is unprecedented in scale and opportunity. For it to succeed, the local school governors and headteachers must be fully engaged in the planning and development of proposals for their schools.

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Because of its experience since 1996 in supporting the delivery by local authorities of major schools projects, 4ps¹ has been tasked with providing information and support to the schools involved with the BSF programme. This Guide has been prepared to act as a stimulus for you as governors and headteachers to find out more about getting involved, and to answer many of the questions we know you are asking about BSF and the process that will lead to the transformation of your school. The National Governors Council first suggested that 4ps might produce such a Guide, and when consulted on the draft said: "BSF is a baffling subject for anyone new to it. We think this Guide deals with the explanations and the issues governors need to be aware of, in clear terms, and with enough detail to lead to an understanding of the processes and of the need to engage."

We hope you will indeed find it useful.



Cllr Edward Lord
4ps Board Chairman

¹ 4ps is local government's project delivery specialist. 4ps works in partnership with all local authorities to secure funding and accelerate the development, procurement and implementation of PFI schemes, public private partnerships, complex projects and programmes. 4ps' multidisciplinary team provides hands-on project support, gateway reviews, skills development and best-practice know-how.

1 Introduction



This guide has been produced by the Public Private Partnerships Programme (4ps) to provide a brief introduction to the government’s Building Schools for the Future (BSF) programme. Contributions to the guidance have been provided by a number of organisations including DfES, Partnerships for Schools, and the National Governors Council, to whom our thanks are due.

4ps is one of the local government central bodies, providing specialist support on major procurement initiatives and partnerships. 4ps’ BSF programme is funded by the DfES, and is referred to as “4ps Expert Client Programme” as our aim is to equip the client organisation – local authority members and officers, and the schools – with the necessary skills to respond effectively to the opportunities presented by BSF.

Please note that a glossary at the back of the guide further explains some of the terms and abbreviations used.

What is Building Schools for the Future?

Building Schools for the Future (BSF) was launched by the DfES in February 2003, with the then Schools Minister David Miliband stating that: “School buildings should inspire learning. They should nurture every pupil and member of staff. They should be a source of pride and a practical resource for the community.” It is a long-term programme of investment and change aimed at transforming educational standards by providing 21st century learning environments.

How is Buildings Schools for the Future different to previous school building initiatives?

BSF is different in several important ways:

- Scale
- Ambition – focus on education transformation
- Complexity

All of which have generated a requirement for:

- Comprehensive process management
- New procurement methods and
- A new national body called Partnerships for Schools (Pfs), set up by the DfES and Partnerships UK² to manage the delivery of the whole national BSF programme

Scale

BSF will ultimately reach every part of the English secondary school system, including:

- 11-16, 11-18 and upper schools, middle schools deemed secondary, and secondary special schools
- all categories of secondary schools – community, controlled, aided and foundation

DfES Ministers confirmed in November 2004 the intention to fund BSF for local authority areas and their schools in a series of 15 “Waves” from 2004 until 2016. Waves are identified in three year blocks corresponding to the three year government spending round commitments. Actual funding decisions beyond 2008 are, of course, subject to future government spending decisions. A clear indication of the scale of investment anticipated is given by the current national allocations to BSF:

- 2005/06 £2.1bn
- 2006/07 £2.2bn
- 2007/08 £2.2bn

Limited capital funding will continue to be available outside the BSF programme, particularly for authorities due to enter BSF in the later Waves. Such interim funding is likely to be used for urgent repairs or refurbishment, or for extensions to existing schools rather than extensive new-build.

² See Glossary

Primary schools are not included in the BSF programme, although where authorities have access to other funds, investment in primary schools can be included in BSF contracts (see section 6). DfES have, however, announced that a programme of funding for primary schools will commence in 2009/10 – further details are not available at the time of writing.

Ambition – focus on education transformation

BSF is not simply a building programme. Ministers are clear that the programme creates an important opportunity to transform the way secondary schools function, developing buildings for the 21st century with teaching and learning to match. BSF goes hand in hand with other major initiatives aimed at improving the quality of education. In order to have the biggest effect on teaching and learning – and hence attainment – Ministers are initially targeting resources at areas with the lowest attainment (at GCSE level) and highest levels of deprivation (judged by eligibility for free school meals). The use of these criteria may be reviewed by DfES in due course.

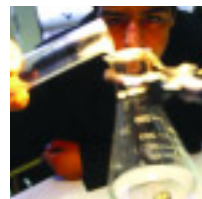
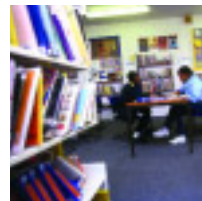
An integral component which links buildings with teaching and learning is Information Communications and Technology (ICT). BSF aims to provide:

- a step change in the level of ICT provision in secondary schools in England
- buildings designed to maximise use of ICT
- managed ICT services which guarantee availability
- incentives to develop the use of ICT in teaching and learning

ICT is discussed in more detail on page 31.

Secondary schools are also major resources for local communities and the new and refurbished facilities will be designed for shared community use where appropriate. In line with the “Every Child Matters” initiative, every BSF school will be an extended school, offering additional or dual use facilities, such as sport halls, libraries, nurseries, ICT resources etc.

All of this requires buildings where ambitious education outcomes can be realised through new thinking in the design of the schools. BSF schools – whether rebuilt or refurbished – must be designed not only for this decade’s needs, but with flexibility and adaptability in mind too. Quality of design is a key requirement within the programme. With all this in mind, DfES held a competition for “exemplar designs”³ to inspire fresh thinking, and these are available for viewing by schools



³ See Glossary

(go to www.teachernet.gov.uk/management/resources/financeandbuilding/schoolbuildings/exemplars). And finally, the government wants to put in place robust arrangements to make sure that new and refurbished buildings are well-maintained, so that the benefits of the investment do not diminish.

Complexity

The government's approach is to maximise both the impact of this investment and the value for money achieved by allocating large sums of money for each local authority area within each Wave. Individual allocations for Waves 1-3 are between £80m and £240m. This is enough for some smaller authorities to complete all the changes to schools within their area in one Wave, whereas for larger authorities it represents an initial tranche for prioritised schools, with further funds following.

The challenges of this approach, which is unprecedented in its complexity, include:

- partnership working with all categories of schools and their stakeholders
- ensuring that the local construction market and the suppliers of services can cope with the volume of work
- ensuring value for money
- securing consistently high quality of design and finished buildings
- integrating ICT for both curriculum and management, within and between schools
- for many LEAs, managing investment on this scale over several years, possibly including periods where funding is not available.
- for some LEAs an opportunity to integrate school developments into social regeneration projects

Process management

For all the reasons explained above, BSF is going to be a complex process, requiring special project management approaches. For many local authorities, BSF will be the biggest investment programme they have managed. At a central government level, the DfES has set up Partnerships for Schools (PfS) to manage the whole national BSF programme over the 15 Waves. Each local authority will need to set up arrangements to secure the twin objectives of education transformation and capital investment. Arrangements in the procurement phase are likely to include:

- a Project Board to steer the project through its different stages
- a Project Team with sufficient expertise and resources to navigate the various project stages without delays. This team will almost certainly include staff with education experience and some specialist external advisers

- a means of ensuring that stakeholders – especially schools – are fully involved through engagement and participation so that they fully “own” the project as it progresses

An outline map of the process showing the key stages is on pages 34-35.

From start to finish the stages on pages 34-35 (i.e. ‘confirm project’ to ‘operate’) could be expected to take two and a half years, including the procurement and construction periods, but this will depend, to a considerable extent, on the project and on local circumstances.

New procurement approach

The government considers that managing large-scale investment in a local area, over an extended period, requires a new approach to procurement. The “old” way of putting individual building projects out to tender is seen as unlikely to produce value for money or secure a flow of well-designed and constructed buildings in a programme of this scale and complexity.

For most local authorities the standard approach strongly recommended by the DfES and PfS will be to set up a Local Education Partnership (LEP), a new concept developed for this initiative.

The LEP is a public private partnership of three organisations:

- A private sector partner (PSP) (in all probability a consortium of private companies)
- The local education authority (LEA) or possibly more than one LEA in some areas
- Partnerships for Schools (PfS)

A LEP is a joint venture company, with the public and private sectors working together with common aims, sharing certain risks and rewards. However, for some local authorities a LEP will not be required or considered to be inappropriate. The LEP is discussed in more detail in section 3.

2 Key issues for governors and headteachers



Understanding the place of your school in the national and local programme

How can I find out when works might start at my school?

Groups of schools have been selected by LEAs according to DfES criteria for inclusion in individual waves. The first three Waves were confirmed in November 2004 (and Pathfinder projects involving 6 LEAs were already proceeding). The LEAs chosen are:

Pathfinders: Bristol, Bradford, Sheffield, Greenwich, Lewisham and Southwark

Wave 1: Gateshead & South Tyneside, Knowsley, Lancashire, Leicester City, Leeds, Manchester, Newcastle upon Tyne, Newham, Solihull, Stoke on Trent, Sunderland, Waltham Forest

Wave 2: Birmingham, Hackney, Haringey, Islington, Kingston upon Hull, Lambeth, Liverpool, Middlesbrough, Nottingham City, Tower Hamlets

Wave 3: Barnsley, Durham, Derbyshire, Kent, Luton, North Lincolnshire, Salford, Sandwell, Tameside, Westminster

The DfES has produced an indicative list showing where all LEAs are in the 15 Waves of the whole programme, subject to future spending rounds and Ministerial decisions on priorities. Many authorities, especially large ones, have their schools spread over several waves. Contact your LEA School Organisation or Buildings officers for further local information, or you can view the published list at www.teachernet.gov.uk/docbank/index.cfm?id=8144. For a further description of BSF at a national level see Sources of Information, Advice and Training in section 8.

Making sure your school is fully involved in developing the local vision and strategy

Two key opportunities to influence the shape of BSF locally are during the development of the Education Vision and the Strategic Business Case.

The Education Vision must be developed by the LEA in collaboration with all local secondary schools and other key stakeholders, to provide a coherent, shared picture showing how attainment will be raised. In particular, it must demonstrate a joined-up approach to service provision over a long period, that is educationally transformational. Authorities will draft documents detailing these matters, and individual schools will be asked to comment and to add their particular contribution. The structure of the consultation and collaboration will vary from one local authority area to another, but its effectiveness must be demonstrable before the next stage is started. Partnerships for Schools has an important role in ensuring that the Education Vision achieves a workable balance between the aspirations of individual schools and those of the authority.

The Strategic Business Case is the next step, joining the overall education vision to high-level plans to achieve specific changes to school organisation, individual school visions, and new and refurbished buildings and ICT investment. It will demonstrate that option appraisals have established viable schemes deliverable within available funding.

In both cases the LEA will set up special consultation mechanisms to obtain the views of key stakeholders – particularly school governors and headteachers.

How can my Governing Body make sure its views are taken into account?

You should:

- Make sure that your school is fully engaged in the development of the authority's Education Vision, particularly at headteacher level
- Find out how the LEA is consulting, obtain documents and arrange to discuss at a special governing body meeting
- Attend any meetings arranged by the LEA
- Ensure that the views of the school are represented in working groups developing project details, or evaluating submissions
- Ensure that the school is represented in project governance arrangements that will be established later
- For an aided school – make sure any religious representative body knows your views
- Engage with your local councillors so that they know your views

Since every Wave is about a group of schools, headteachers and governors will sometimes be expected to work together across schools as well as representing the interests of their own school. Likewise, one or more governors may be expected (in, for example, a stakeholder group or on a project board) to represent the views of several governing bodies. It is important on such occasions to be clear about the aims of the group in question and about the roles individuals are expected to play.

It is likely that full engagement with BSF at various stages will require significant inputs from headteachers and other senior school staff – experience has shown that these tasks cannot simply be added to “the day job”. Governors should consider the scope for release of appropriate staff to allow full participation, or perhaps release on secondment to act on behalf of several schools. The local authority may be agreeable to some funding to underwrite release or secondment.

Changes to school organisation

Does BSF mean changes to the number and location of schools?

Not necessarily – everything depends on local circumstances.

The most important thing to remember is that BSF is about getting the best value out of the investment. That means that the overall pattern of schools locally must be sustainable for the foreseeable future. In some instances (see section 5) there will be long-term contracts (typically 25 years in duration) for the buildings and services – so the LEA must be confident that the school places will be needed for the long-term.

There are three circumstances in which some change to the pattern of schools is likely to be needed:

- When numbers on roll are projected to fall within the local authority area – investing in under-utilised buildings is unlikely to be the best use of the available funds
- When a different pattern of school provision is likely to lead to higher attainment
- When more school places are needed, perhaps because of population growth, house building or regeneration

Does BSF do away with the usual requirement for consultation and statutory proposals?

No – all the normal processes associated with major changes to schools will apply, including the requirement to produce statutory proposals. The BSF timetable will need to build in the statutory timetable for consultation and determination. The roles of the School Organisation Committee and the Schools Adjudicator are unchanged. Under recent legislation, if a new school is proposed there will need to be a competition to determine the promoter of the school.



Does BSF mean that one or more schools will have to become an Academy?

The DfES requires that LEAs seriously engage with the government’s aim, set out in the 5 Year Strategy, to increase to 200 the number of Academies, which are designed as a solution to address the worst performing schools, with different governance arrangements to maintained schools. There are now plans to integrate the procurement of Academies with schools funded through BSF, although the details have yet to be settled.

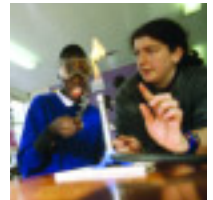


Understanding the local co-ordination and management processes

What are the key stages of the project leading up to the start of building works?

The key stages are:

- Project initiation
- Strategic planning
- Outline Business case
- Tender process
- Negotiations, and Final Business case
- Contract signature



For more detail see the process map on pages 34-35.

What structures will the local authority set up to make sure governors’ views are heard?

There will generally be a high-level Project Board, a Project Team to deal with the detailed issues and a consultative Stakeholder Group – each local authority will adapt the general principles to suit local circumstances. However, schools should expect to be involved (perhaps through a representative rather than directly) in these structures. Governors should contact the BSF lead officer in the authority if in any doubt on these matters.

Who makes the final decisions about going ahead with projects?

It depends on the type of decision:

- For changes to school sizes and categories, openings and closures – the local School Organisation Committee or the Schools Adjudicator. For Academies, the Secretary of State
- For setting up the LEP or awarding contracts – the local authority. Decisions ultimately rest with the authority's Cabinet (or, in a few Authorities, an elected Mayor)
- However, schools must be fully consulted by the authority on the detail of proposals, because individual governing bodies will need to enter into a legal agreement with the local authority. This agreement will cover, amongst other things, the use of delegated funds and the services to be provided to the school, and therefore requires that governors are in agreement with the arrangements. (see Section 5)

Realising the educational benefits

At the same time as planning for changes to the school buildings, governors will need to plan ahead to co-ordinate changes to teaching, learning and working within their school. The overall aim of BSF is higher pupil attainment. The key headings of the Education Vision give a clear indication of the issues for governors to consider in relation to probable changes affecting their school:

- Local authority context and corporate vision
- Teaching and learning – personalised learning, underachievement and 14-19
- School organisation
- Workforce reform and continuing professional development
- Use of ICT
- Inclusion
- Extended schools and community use
- Integrated Children's Services

Communications with staff, parents and pupils

Just as governors and headteachers will be consulted by and work in partnership with the local authority, governors will need to consider how they consult with parents, staff and pupils (unless the local authority is itself leading this activity). With parents this could be through, for example, existing home-school newsletters, although significant changes would probably warrant a more targeted publication, and possibly meetings. A school website can provide up-to-date information, and perhaps become a vehicle for feedback from parents, pupils and the wider community too.

Many recent school building projects – especially refurbishments – have benefited from the involvement of pupils. A number of external bodies specialise in enabling such involvement, and the authority may consider using this expertise for some or all schools in a BSF project.

Staff will need to be involved in and consulted on a wide range of issues, including building design, operational matters, and any employment-related issues.

In all communications governors will need to consider carefully how to generate excitement about (and involvement in) a process of real change, without building up expectations which cannot be met – not an easy task! The local authority will support governors in finding this balance, and in achieving effective communication.

3 Understanding the Local Education Partnership model



What is a LEP?

The LEP is a local business which will provide long-term partnering services for the local authority so that the aims of BSF can be realised. It is a joint venture company comprising the local authority, PFS and a private sector partner.

The relationships between stakeholders, the local authority and the LEP are summarised in the diagram on page 33. The local authority has a contract with the LEP called the Strategic Partnering Agreement, which gives exclusive rights to the LEP to deliver projects for a fixed period, likely to be 10 years. The local authority, in its role as client and commissioner, will formally consult stakeholders (including schools) through the Strategic Partnering Board.

Why have the LEP?

BSF is based upon large scale strategic local investment programmes to support educational transformation. The government wants to use public and private sector skills together in a new way to achieve this ambition. Local Education Partnerships:

- Aim to reduce costs by reducing the number of competitive procurements that have to be carried out and by streamlining the procurement process
- Procure a strategic partner to deliver the long-term programme
- Group schools together into larger, higher value packages than previously
- Integrate these complex packages; they may include design, construction, ICT, maintenance and other premises related services
- Optimise impact on educational outcomes by integration of building design and ICT – for many schools this may be a new challenge

- Use both design and build and PFI contracts
- May have more than one wave of work, with several years between the different waves
- Include only a small number of “representative” schools in the initial competitive procurement process to speed up the initial procurement and save public and private sector bid costs. Detailed proposals for the remaining schools are left until the contract has been signed with the private sector partner

Overall, the outcome is intended to be: better design quality, cost efficiencies, shorter timescales and improved educational outcomes.

What does the LEP do?

The LEP will work to the local authority's requirements, which will have been agreed with the schools involved. The starting point will be the Strategic Business Case (SBC); this is developed initially by the LEA and then updated through the Strategic Partnering Board (SPB), a wide-ranging stakeholder group. After the initial set up period for a BSF scheme the LEP itself will provide an input into the SBC and SPB.

The LEP has the exclusive right for 10 years to develop proposals for and deliver the design and build of BSF secondary schools in the local authority's area, with a possible extension for a further 5 years.

The LEP may also provide ICT, maintenance and other premises related services to some or all of these schools on a long-term basis.

The LEP may also have the right to undertake other types of work should the local authority as client decide at the outset that this will be the case. Examples could include investment in primary schools, and associated leisure facilities.

In order to do all of the above, the LEP will act as the single point of contact for the procurement, delivery and integration of all services required. It will organise a supply chain comprising the necessary skills and experience, eg. design teams, builders, ICT providers, facilities management companies.

The private sector brings commitment to partnership, continuous improvement, development capital and supply chain management. In return, the public sector offers to the LEP a long-term programme of investment, exclusivity, repeat business and a role in project development.

Who is in the LEP?

Each of the three partners will nominate directors to the LEP Board. Because a LEP is effectively a private sector-led organisation, the Private Sector Partner (PSP) will have four members and the local authority and PFS one each. The directors will have to deal carefully with any potential conflicts of interest, and both the authority and PFS have certain minority rights in the conduct of business. Detailed guidance has been produced on these matters (see <http://www.p4s.org.uk/StandardDocumentList.htm#sha>)

As a limited liability company, the LEP issues share capital and has a constitution and structure appropriate to such a company. The PSP will normally own 80% of the shares in the LEP, the remaining 20% being split equally between the local authority and PFS. Initial interest from bidders indicates that potential private sector partners include a wide range of construction contractors, finance institutions, project managers and ICT providers. Many local authorities and schools would like to see regional and local companies involved in providing works and services, but it will be for the PSP initially to make decisions about suppliers.

What does the Strategic Partnering Board do?

The SPB is established to ensure that a number of important stakeholders have some influence over the operation of the LEP in their area. School representation is key to this. Members of the SPB are:

- a representative nominated by the Local Authority from time to time
- a representative agreed by the board of directors of the LEP
- a non-executive, to be the independent non-voting chairman of the SPB, appointed by agreement of the parties; and
- other representatives of stakeholders within the local secondary education community and any other co-opted persons the Local Authority may nominate, not exceeding six in number, and in a non-voting capacity. This last category is where schools can expect to be represented by governors or headteachers

The role of the SPB is stated in BSF guidance as:

- acting as the primary mechanism for managing the LEP's performance, based on reports provided by the LEP
- serving as a forum for the open exchange of ideas, to enable the Local Authority and the LEP to discuss forthcoming accommodation and service delivery requirements
- giving guidance on and approving which new projects should be progressed, by whom and on what basis
- should it wish to do so, making representations to the Local Authority as to the identity of the Local Authority's representative on the LEP board of directors

The role and membership of this important body may need to be developed over time to ensure that schools have adequate influence over the ongoing delivery of BSF in their area.

How are day-to-day matters dealt with under the contract?

A permanent "helpdesk" or "helpline" arrangement will be established for the school to report any issues relating to delivery of the services by the LEP. A manager will be identified to liaise with a nominated individual acting for the school, so that day-to-day issues can be addressed quickly.

How will the private sector partner for the LEP be selected?

By a competitive process compliant with European Union and UK legislation. Contracts and agreements will be based on standard documents. Model documents have already been prepared and can be viewed at www.bsf.gov.uk

What if the LEP does not perform adequately?

The LEP is incentivised to provide a high quality value for money service by:

- the opportunity for future projects
- the fact that costs are only recovered from successful project delivery
- continuous improvement and benchmarking/market testing provisions in the contract



The LEP's performance will be monitored by the local authority as client, and at a national level by PfS. The contract contains a number of remedies to protect the interests of the client if the LEP's performance is below the required standard. These range from payment deductions, through loss of exclusivity, to termination of the contract.

Will the LEP be expensive?

Similar joint venture models have been used elsewhere in the public sector and judged to provide value for money. Set-up costs will be kept as low as possible through the use of standard documents, following consultation with the market. Costs for the LEP are related to the scale of activity, and can be reduced if activity reduces. The costs of running the business are intended to be offset by savings achieved through continuous improvement and supply chain management.

Will the LEP take over the role of the local authority?

No – the local authority remains the democratically accountable body, and the client of the LEP.

The Government's Five Year Strategy for education envisages an important role for local authorities in community strategy, as advocates for individuals and as commissioners rather than direct providers of services. The existence of LEPs is consistent with this approach.

The LEP is not intended to:

- Take over any local authority statutory functions
- Duplicate or replicate any local authority activities
- Act as commissioner of schemes: the local authority remains the approving authority and the client
- Set local educational policy: this remains a local authority function
- Set local educational strategy
- Take over the provision of education services (unless the local authority expressly wants it to)

Is a LEP always needed?

No – although the LEP is DfES' preferred solution. In some local authority areas other procurement models for BSF have been adopted. A LEP may not be the best solution where:

- there is only one Wave of investment or a long gap between Waves
- existing framework contracts or partnership arrangements can deliver cost-effectively
- BSF is part of a wider regeneration project, and can be included within contracts related to that larger project

In such circumstances the local authority will be expected to show that different local arrangements will secure equivalent or better value for money compared to the LEP model. Options proposed that do not deliver the same potential outcomes as the government's preferred approach are unlikely to be approved.

4 Project issues for governors and headteachers



Does BSF mean that every secondary school in a local authority area will be rebuilt?

Everything depends on locally agreed plans. At a national level the DfES is providing funding based on:

- 50% new build
- 35% major refurbishment
- 15% minor refurbishment

Each local authority's capital allocation is guided by this overall pattern, but precisely how that translates into planned works at each school is a matter for local debate. The proposals for individual schools must be developed by the authority and the schools together, and will often be based on the authority's Asset Management Plan (AMP), and on the submission made by the authority to DfES when BSF was first announced, which formed the basis for prioritisation nationally. However, authorities and schools entering the BSF programme are expected to review those initial assumptions in the light of current circumstances.

The Strategic Business Case (see diagram on page 33) will set out what should be achievable across the whole secondary school estate. The Outline Business Case then sets out the options and plans on a school-by-school basis. Governors should understand and track the progress of these key documents so that they can represent the interests of their schools.

Will all the schools be provided using PFI contracts?

No – At a national level roughly half the school projects will be procured through PFI contracts, most likely for complete or mainly new-build projects. (See Section 5 for more details on PFI.)

Will all categories of schools be dealt with in the same way?

Yes – high standards of accommodation are expected for all schools, regardless of category, whether community, controlled, aided or foundation schools. The differences in property ownership will be reflected in the agreement between the Governors and the LEA. Projects for Voluntary Aided schools normally require a 10% contribution from the governors (often funded through a Diocese). However, for the BSF programme the DfES will fund the aided school governors' contribution.

What will happen to any money generated by the sale of surplus sites?

Authorities can retain half the value of capital receipts above a threshold amount, the balance to be used to fund the school project. However, authorities may in some circumstances apply the whole of the capital receipt to the purchase of new sites for the project, by agreement. Where an existing school site is owned by trustees, legal advice will be needed on the application of capital receipts.

How can Governors and Headteachers be sure that the buildings will be well-designed to meet their needs?

Once the scope and procurement route for an individual school project has been established, governors will probably need to set up a small working group to contribute to the brief or output specification, and to evaluate and comment on design proposals. The group should consider these sources of expertise:

- Visits to other new or remodelled/refurbished/extended schools – a good starting point for developing ideas based on practical experience
- The "Learning Through Landscapes" Trust provides valuable guidance on site development and the use of school grounds, emphasising that good design is about more than buildings
- The Royal Institute of British Architects (RIBA) has produced a Guide for School building projects (see website link on page 37)
- The Commission for the Built Environment (CABE) runs a design "enabling" service for early Waves and has advice on becoming a good client on its website (see website link on page 37)

- The local authority may have its own internal expertise on design (in-house architects and experienced education staff used to commissioning and specifying buildings), and may have engaged external advisers with design or specification expertise – “client design advisers”, who will work with the schools

To ensure good design, the DfES has:

- set funding at levels it believes will provide high quality, well-designed buildings
- stimulated debate among architects and educationalists about school designs for the future, including exemplar designs and examples of successful school transformations
- backed the role of “design champions” within the procurement process – people whose role is to argue for the highest quality of design
- funded the CABA enabler input into BSF and developed specific Design Quality Indicators

What are the budget and funding issues for schools?

Where authorities (through the LEP or another route) are providing services for schools as part of BSF, schools will be expected to pay for them from their devolved budgets. Examples would be facilities management services provided as part of a PFI contract, building maintenance following a design and build project and an ICT managed service. In all cases there should be an agreement with the governing body defining the services and at what cost (see sections about PFI and ICT).

These arrangements are set out in a standard form of Authority/ School Governors Agreement, which places obligations on both parties. A model document is currently in preparation by 4ps for use in the BSF programme, but it is likely that bespoke versions of this document will need to be agreed for each school. Governors are advised to take their own legal advice in negotiating such detail with the authority, for which the authority is expected to provide funding support.

Devolved formula capital will cease for a period of 4 years from the start of a Wave, and for a PFI school will be paid thereafter at a rate of 65% of the standard amount. DfES has prepared guidance on this issue (see www.teachernet.gov.uk/docbank/index.cfm?id=8310 and www.teachernet.gov.uk/docbank/index.cfm?id=8948).

What about building handover and commencement of services?

Agreeing acceptance of the finished buildings, or in the case of PFI contracts the commencement of services, requires the close involvement of the school. This is normally the responsibility of an Independent Certifier, who will also establish a robust snagging process (to deal with minor defects to be corrected after occupation). The exact process will depend on the type of contract used for each school.



How does the contract operate?

The delivery of services to schools under the LEP or through other contractual arrangements, will naturally impact on the schools on a day-to-day basis. Whilst it is the responsibility of the authority and the LEP to deal with contractual matters, clear protocols need to be established for the school to deal with issues that may arise in the performance of, for example, cleaning, catering, grounds maintenance, security and other matters.



5 The Private Finance Initiative in more detail



As previously explained, about half the schools in the BSF programme will be subject to PFI contracts – mostly those involving large-scale new build. Experience has shown that where PFI has been used for the refurbishment of schools, client and user satisfaction levels have been lower.

Governors and head teachers facing the likelihood of a PFI contract may be concerned because of a lack of clear information about PFI, or because of adverse reports from elsewhere. This section of the document aims to correct that situation. However, 4ps is happy to arrange more detailed discussions on this, and related topics, with schools involved in the BSF programme. Please contact us direct or through your authority.

How does a schools PFI contract work?

In PFI, a private sector partner is awarded a long-term contract to design and build the school and to provide and operate the subsequent maintenance and services, usually for 25 years or more. Often that one partner comprises a consortium of organisations, working together and co-ordinated under one umbrella, called a Special Purpose Vehicle (SPV). The SPV is also responsible for raising the necessary private finance for the project. With PFI there is considerable scope for innovation: the authority, together with the school(s), sets the overall objectives (i.e. building a school with specified facilities and operating it to set standards) in a document known as an Output Specification. The authority then invites prospective contractors to bid with their solutions to those requirements, together with their costs. Where a LEP is in place, it will conduct this procurement on the authority's behalf.

The contract transfers significant risks to the SPV, so that it will bear the cost if it does not comply with the Output Specification. Deductions may be made by the authority from monthly payments due to the SPV in accordance with a “payment mechanism” in the contract that sets out precisely in what circumstances, and to what extent, these deductions may be made.

No payments whatsoever are made to the SPV until the school is deemed to be ready for use. This is quite different to a conventional building contract in which the client pays progressively as construction proceeds. With a PFI contract the client is paying for services – such as classrooms available for teaching in a safe, clean and warm environment. Failure to make the accommodation available to these standards as and when required by the contract triggers the use of the payment mechanism. As a result of this “performance-related” approach, PFI contracts have a much better record of delivering schools open on or before the agreed date than other types of contract.

What are the other benefits of the PFI approach?

Benefits of using PFI include the following:

- The burden on school management can be eased considerably where a PFI contractor delivers an effective co-ordinated service to the school. The school should therefore have more scope to concentrate on delivering the curriculum and on raising levels of educational achievement
- A constant and higher level of service than was previously possible can be provided throughout the lifetime of the contract
- At the end of the contract (normally 25 years) the school is returned to the authority in prime condition

What type of companies will be involved in PFI projects under BSF?

Where a LEP is to be formed for the delivery of BSF locally, it will set up or bring in an SPV for the PFI contracts. Many organisations and consortia bidding to form LEPs are composed of companies that have already accumulated experience through PFI contracts (as described above under “Who is in the LEP?”). Where no LEP is planned, PFI contracts will be let for schools directly by the authority as described above.

Who owns a school under PFI?

Under a PFI contract, the private sector partner provides, pays for and operates the school over the period of the contract. The authority, Governing Body or Trustees normally retain the freehold of the site, and the contractor has a lease or a licence to use or occupy the site. At the end of the contract the whole school reverts to the

authority or governors (or Trustees for VA) and when the building is handed over it must be 'fit for purpose' for a period beyond the end of the contract.

Existing schools with new facilities provided under PFI are operated in their entirety under the contract. It is not practical or desirable to have parts of schools subject to such long-term agreements, whilst other parts are not.

How are buildings and services provided through a PFI contract paid for?

- PFI Credits – once a contract is signed, the local authority receives financial support towards the cost of the project through PFI Credits from the government. However, this contribution, whilst substantial, is intended to cover only that part of the charge relating to the repayment of capital and life cycle maintenance. The local authority will need to cover the remainder of the charge, often referred to as the authority's Affordability Gap
- The Unitary Charge – each year the authority pays a Unitary Charge to its private sector partner to cover its capital repayment and service delivery costs. This Unitary Charge is subject to inflation on pre-agreed indices., and is paid monthly, subject to the terms of the contract. The authority knows from the start what the payments will be and can budget accordingly, as can the schools
- If the quality of service falls below agreed performance levels, or if the accommodation is not available, the Unitary Charge will be subject to deductions as per the contract
- Under LMS, each school has a delegated budget. With PFI the school agrees to pay the authority, from this budget, that part of the Unitary Charge that relates to the operation and management of the school facilities – such as maintenance and cleaning – that would otherwise have been paid for by the school. This is subject to an Authority/Governors Agreement

What will an Authority/Governors agreement cover?

As previously mentioned, the authority must have the written approval of the Governing Body to use its delegated budget. The agreement is based on a model document, and normally covers:

- the amounts to be repaid and how these are linked to the services being provided
- arrangements for monitoring performance and reporting faults to the private sector partner
- treatment of payment deductions
- provisions triggering the right of the authority to step in or terminate the contract and the circumstances in which this could happen

Governing Bodies will need to make sure that they are clear about their rights and responsibilities under the contract and this Agreement. Detailed arrangements for performance monitoring, reporting faults and remedying them need to involve the Governing Body and the teachers, who will have valuable input particularly on the practicalities of the mechanisms agreed. Whilst BSF standard documentation will deal in detail with the relationship between the authority and its LEP or contractor, Governors will need to discuss with the authority how the payment mechanism will operate in practice, and how changes in requirements would be dealt with. Deductions made under the contract often arise because the school has suffered from poor performance by the SPV, and as a consequence, monies not paid by the authority are returned to the Governing Body.



If a Governing Body enters into such an agreement, is that decision binding on future members of the Governing Body?

Yes – The Governing Body is a ‘statutory corporation’, which exists independently of its members, so any legal agreements will apply to it in future.



Would individual Governors be personally liable if things went wrong?

No – other than in extreme circumstances, involving, for example, fraud or negligence, lack of care, breach of trust, criminal behaviour etc. Good records should be kept, to show that the school has taken appropriate advice and has acted reasonably in the circumstances. Evidence of a good working relationship between the school and the authority in their joint role as clients will clearly assist in any dispute with a PFI contractor.



How important is it to build a relationship with the contractor?

In a school provided through a PFI contract the Head teacher is no longer directly responsible for many aspects of the school buildings – the responsibilities are transferred to the contractor (which has a contract with the local authority rather than directly with the school). Establishing a suitable relationship with the contractor will be key to the successful transfer of responsibilities over the contract period, and the contractor, authority and headteachers must work on this before the school buildings become operational. On the one hand, the authority and the school have to make sure the school gets what is being paid for, and on the other all the parties should aim to develop a long-term partnership which will demonstrate a degree of flexibility and adaptability on all sides.

What if the contractor goes bankrupt?

Nearly all PFI contracts involve a large amount of bank finance. A “direct agreement” between the authority and the bank permits the bank to “step in” where companies in the consortium are in serious financial trouble, so that they

can remove members of the consortium and appoint another company. After all, the bank would be more likely to recoup its investment by ensuring that the service continues. 4ps has produced a number of case studies of PFI projects, including one that deals with such a case (see www.4ps.gov.uk/Home.aspx?pageID=7.0.1&ctl=pubs&Type=CaseStudy).

What happens if, for example, a room cannot be occupied?

All problems and requests for services will be routed through the contractor's Helpdesk – a single telephone call to an operator who will log the issue or request and then instigate appropriate action. Review of existing PFI projects suggests that the Helpdesk is critical to the successful operation of a project – so time should be spent during negotiations to ensure that what is proposed will be truly responsive. If a room is unavailable for use the contractor will have a target time to rectify the cause, backed by a financial incentive.

What if, for example, an extra power socket, is needed in a classroom?

For a small works request a standard rate for jobs should have been agreed in advance – the contract should anticipate that such requests will be a common occurrence and a streamlined system should be in place, with agreed rates for typical jobs.

Who monitors the contract?

The authority, the school and the contractor itself will need to monitor the quality of services. Successful contract monitoring is very dependent on confidence in the Helpdesk system (see above). Experience suggests that the local authority should ensure continuity of expertise from the contract negotiations through to the early years of the operating phase. Likewise, schools will need initially to allocate a member of staff who understands the contract to work with the authority's contract monitoring officer.

What happens if there are serious shortfalls in the contractor's standards?

Generally, shortcomings are addressed by deductions from the unitary payment, but if there are serious shortfalls the authority will call a high-level meeting with the contractor to agree a way forward. In the worst case, the contract can be terminated and re-let to another contractor. Provisions in the standard terms of BSF contracts are designed to protect the interests of schools in such circumstances.

How are staff affected under a PFI contract?

Teaching staff are not affected but a PFI scheme does often involve the transfer of employment of some non-teaching staff to the PFI contractor, under TUPE regulations. Typically, these have involved caretaking, cleaning or catering staff, or

ICT technicians. Once the scope of projects and the range of services to be provided by the PFI contractor has been determined, the project team and the contractor need to agree which staff should be transferred and on what basis. Staff and Unions should be consulted as soon as possible to make sure that they understand any implications and they need to be kept informed throughout the procurement process.

Can a school built using PFI be expanded?

Yes – as long as the contract (and the initial scope of the project when it was advertised to the market) allows for this, and clearly states how both construction and operating costs, and therefore the unitary charge, would be affected.

What if the school closed or its roll fell?

The number of pupils at the school will inevitably vary slightly from year to year. It is important that, before entering into a PFI project there is agreement between the school and the authority on the long-term pupil projections for the school, to ensure that the project is sustainable for the foreseeable future. The authority and the Governing Body bear the risk of an unforeseen fall in the number of pupils or the eventual closure of the school. How this is handled will be set out in the contract documents.

What if the school changed DfES category under the new framework for schools?

PFI projects are being developed in all sectors. So as long as the private sector partners have reassurance that the project can be funded whatever category is chosen, a change of category should not be a problem. The authority would be responsible for giving that assurance for a Community or Foundation school. If the school wishes to become a Voluntary Aided school the authority, school and, where appropriate, the Diocese will need to enter into discussions with the DfES about changes to the funding streams for the project.

What happens at the end of a PFI contract?

The school will revert to the authority, governors or trustees. Depending on the contract, the authority or school could let a new contract after competition, or they could extend the existing contract, or revert to operating the facilities themselves.

6 Conventional Building Procurement



How will building works be procured if PFI is not being used?

If there is a LEP, it will procure a design and build contract. If there is not a LEP then, depending on local circumstances and which body is letting the contract, a similar type of contract will be used but with a direct relationship between the authority and contractor.

In a design and build contract the client prepares a performance specification for the building works required (the employers' requirements) and invites the contractor (or contractors) to state how they propose to meet those requirements. This approach gives the contractor flexibility to innovate and use their experience of construction techniques, whilst assuring the clients that specified standards will be met. It is therefore similar to PFI in that respect, but this type of contract does not deliver long-term services in looking-after the building, nor is it subject to a regime of payment by performance.

The starting assumption in BSF is that this design and build approach, funded by traditional allocations of capital funds, will be used for the major and minor refurbishment projects. However, it may be used for some new-build too, depending on the availability of appropriate funding and local circumstances.

How does the funding work in this route?

The initial investment in the buildings is through direct grant or supported borrowing to the local authority. Operating costs for the buildings will fall to the school budget.

If the school receives investment under this "conventional procurement" approach how are the buildings maintained?

It is intended that LEPs will take overall responsibility for maintaining schools which they have procured. Where PFI has not been used, this has to be achieved through the LEP entering into a separate contract or contracts. The co-ordination and management of these is then the duty of the LEP. Where no LEP exists, a similar process has to be arranged by the authority.

7 ICT Infrastructure and Management



Why is an ICT “managed service” recommended in the BSF programme?

A carefully specified and procured managed ICT service is intended to allow schools to get on with their core business and not be distracted by technical challenges. A good managed service should allow ICT to be seen as a “fifth utility” – as dependably reliable as gas, water, electricity and telephone services. It is intended that LEPs will be responsible for procuring this service for the schools.

Will there be money for new ICT equipment as well as the new/refurbished buildings?

Yes – there will be a one-off grant based on pupil numbers, intended to cover the capital costs of the ICT infrastructure and equipment, and getting everything up and running.

What about running costs?

Once the managed service is in place the school will pay an annual service charge, negotiated with the authority, which will be covered by the legal agreement between the governors and the authority. The level of the charge will be clear before the managed service contract is signed.

What sort of ICT service should be developed?

DfES has set out the direction for schools ICT in “Fulfilling the Potential” (May 2003) and “Harnessing Technology” (March 2005). At its core is a realisation of the need to support all schools to make effective use of ICT in the drive to deliver better quality teaching and learning, and to help them improve how they function as institutions. While there is provision of necessary support at national level, it is clear – given that schools are already at different stages of embedding ICT into

everyday practice – that schools and authorities are best placed to decide how funding should be applied to address local priorities.

The guiding principles which underpin the approach to ICT for the BSF programme are:

- ICT provision should be area-based, integrating schools (e.g. across an entire authority or LEP), and be scalable across the life of the BSF programme. An ICT provision that is focussed on the provision of equipment on a school by school basis is unlikely to be value for money or provide the basis for a transformational programme. The area-based solution will also enable effective integration of ICT services into the wider community
- ICT provision should be seen by teaching staff and pupils as simple to use, and integral to the school environment – from the building design stage onwards
- ICT provision should be viewed as a service that establishes the basis for the long term use of ICT as an agent for change, enabling teaching staff and pupils to transform the way they work

Standard documentation has been developed for ICT that includes a Service Output Specification, Standard Contract Template and a Payment Mechanism. This is available from www.bsf.gov.uk/ict.

Is the suggested approach to procuring an area-based managed service mandatory?

Procuring an output-based ICT managed service is not mandatory as, for example, it may be necessary to take account of existing ICT contracts. However, authorities that do not use the LEP model will be expected to demonstrate that an alternative approach will achieve better value for money and be sustainable.

What can be done within BSF schools to support the effective use of ICT?

BSF schools should take advantage of the support and services available to all schools regardless of their BSF 'status' (see Section 8).

Figure 1 LEP Structure and Relationship

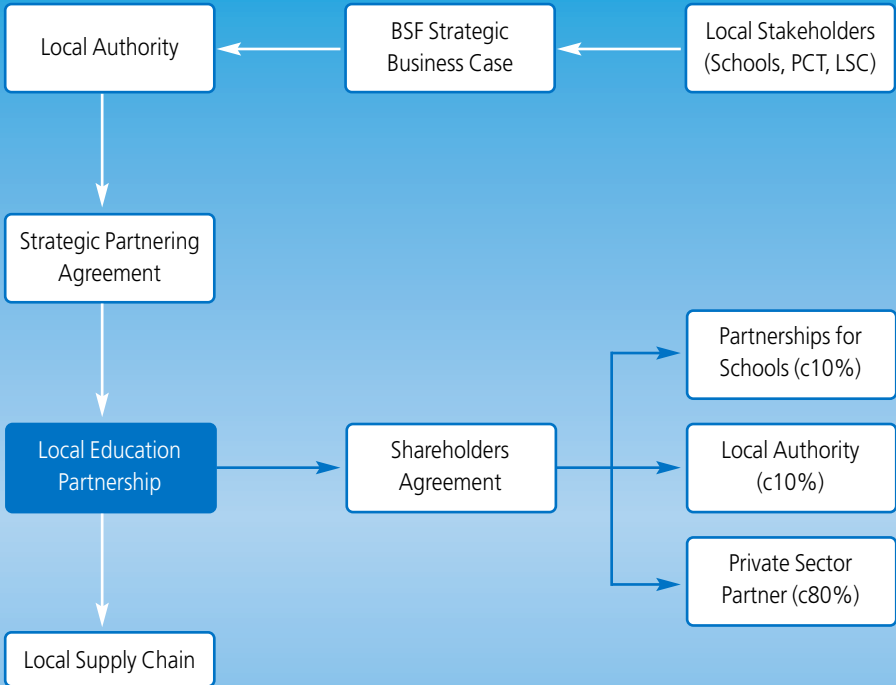
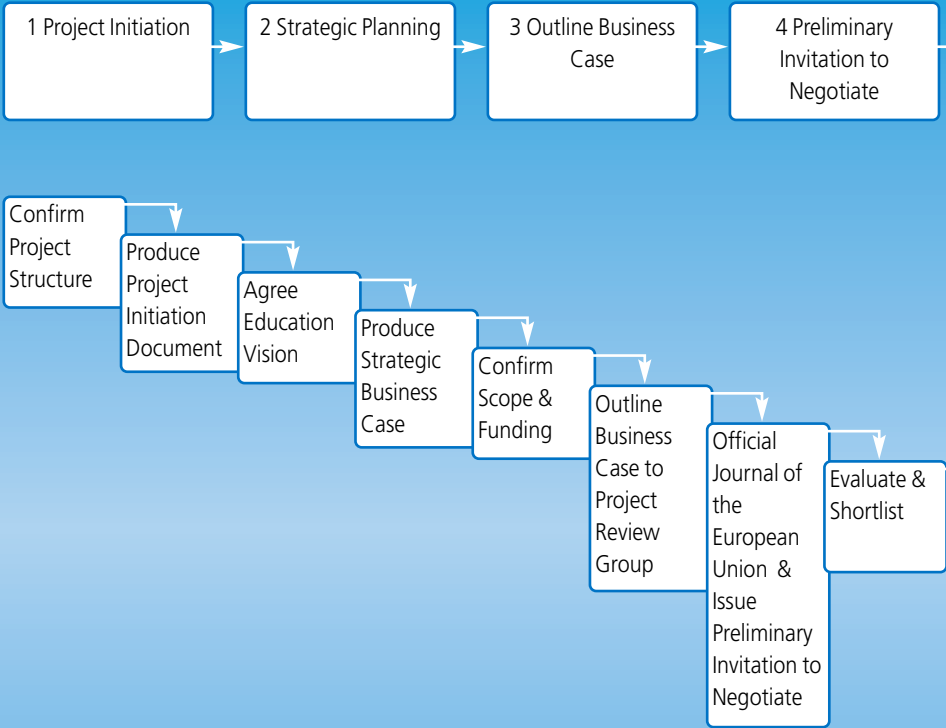
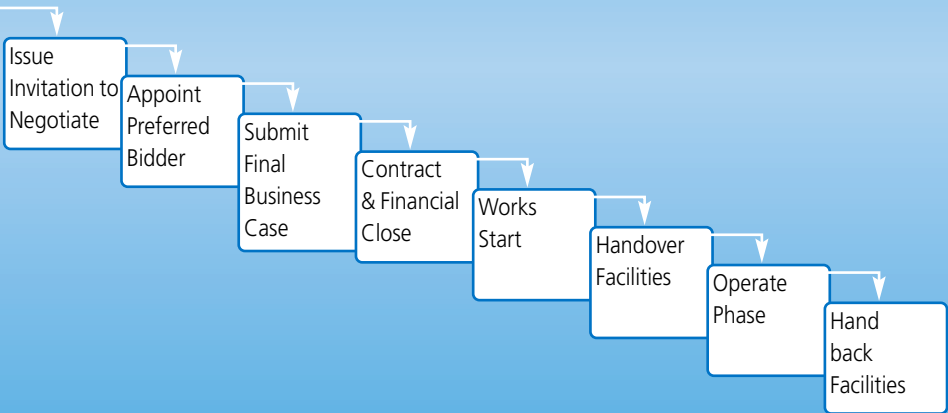
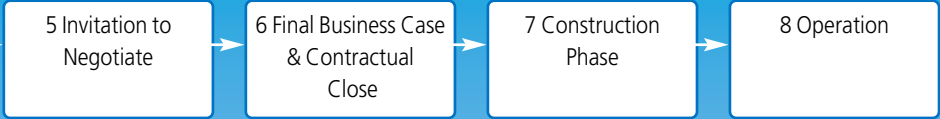


Figure 2 **Development, procurement and operate process for an authority's first BSF Wave**





8 Sources of information, advice and training



4ps Expert Client Programme:

www.4ps.gov.uk

Includes briefings and training sessions as part of its Expert Client Programme for BSF – talk to your local authority BSF contact or governor support unit. 4ps also provides ongoing support to BSF authorities and schools. On 4ps website there are case studies and briefings relating to PFI and other partnerships with the private sector. 4ps work outside BSF is to provide authorities with project support, skills development, current know-how, and gateway reviews. These are explained on 4ps website.

Partnerships for Schools (PFS):

www.p4s.org.uk

PFS allocates key staff to work with authorities and schools in the BSF programme. Where an area will not be entering the programme for several years, PFS does not engage at a local level until that time approaches.

Dedicated BSF portal:

www.bsf.gov.uk

Standard documents and guidance on BSF can be found here.

teachernet:

www.teachernet.gov.uk/management/resourcesfinanceandbuilding/funding

DfES' website for schools, which has information regarding schools PFI projects and BSF developments.

Becta:

www.becta.org.uk or www.ictadvice.org.uk

www.becta.org.uk/leaders/leaders.cfm?section=13&id=3326

Becta provides a range of information to support Governors in understanding the potential of using ICT in schools.

Commission for Architecture and the Built Environment:

www.cabe.org.uk

Supporting the BSF programme with design enablers to work with authorities and schools. See especially www.cabe.org.uk/pdf/PFI%20schools-amended.pdf and www.cabe.org.uk/data/pdfs/Being_involved_school_design_sept_2004.pdf

Learning Through Landscapes:

www.ltl.org.uk

Charitable trust promoting better use of school grounds.

Royal Institute of British Architects:

www.riba.org.uk/go/RIBA/home.html

See especially:

www.architecture.com/go/Architecture/Debate/Forums_2046.html

Also RIBA produced a Guide for School Building Projects in 2002, obtainable from RIBA, 66 Portland Place, London, W1B 1AD

Secondary Heads Association

Managing a PFI project – September 2003

Booklet available from SHA, 130 Regent Road, Leicester, LE1 7P

9 Glossary of terms

Affordability Gap

The difference between total estimated cashflow requirements for building and managing the BSF project and the total available funding for schools covered under the BSF programme. The estimated cashflow requirements would include:

- Annual Unitary Payments on PFI projects
- Capital costs and annual operating and maintenance costs on conventional and ICT projects; and
- Operating and running expenses of the LEP

The total available funding would include:

- the annual value of the PFI credits contributed to the project by central government
- capital grants through Supported Borrowing towards conventional and ICT projects; and
- the annual contribution from school budgets to the cost of the BSF programme

Asset Management Plan (AMP)

The Local Authority's capital investment strategy for its school estate (or indeed all council buildings) which provides an assessment of building condition, the suitability for purpose, and sufficiency.

Building Schools for the Future (BSF)

The initiative to transform England's secondary schools to lift educational attainment

Commercial Close

At Commercial Close, both the Bidder and the Authority will have reached agreement on all the contractual documents, in addition to all relevant technical issues. All other matters affecting the Unitary Charge having been agreed, the only remaining issue is for the Bidder to fix the interest rate incurred on the bank debt taken out to finance the project. This is known as Financial Close.

At Commercial close the legal agreements may be signed by the parties and then held until Financial Close.

Commission for Architecture and the Built Environment (CABE)

A national body promoting good design of buildings and spaces. Advisory body to the BSF programme in design issues funded by DfES to support LEAs with design enablers, providing 10 days of free time allocated to each authority project, previously to the schools PFI programme, and now to BSF authorities.

Contact Officer – DfES (CO)

Each local authority will be allocated a BSF contact officer at the DfES, who will work closely with their project team and provide access to policy advisors at the DfES. The contact officer will also manage the various project approvals for the DfES, including representing projects at the Project Review Group, if necessary.

Design, Build, Finance & Operate (DBFO)

A form of contract in which a consortium takes responsibility for the design, construction, financing and operation (including maintenance) of an asset for a period of years.

Design, Build, Operate & Maintain (DBOM)

A form of contract in which a consortium takes responsibility for the design, construction, operation and maintenance of an asset for a period of years, but does not finance its creation.

Conventional capital

Non PFI related capital grant or borrowing approval. See definitions for Supported Capital Expenditure (SCE).

Educational Vision (EV)

The first major piece of work requiring to be done as a BSF authority. Included within the Strategic Business Case, illustrating how the local authority will achieve transformation of their secondary school estate in order to improve educational standards.

Exemplar Designs

DfES has produced a “compendium” of exemplar designs for new secondary schools. These schemes are the result of a design competition held during 2003, which resulted in five teams being chosen to produce model schemes for different types of site.

A sixth design is for an “all-through” school combining secondary and primary. (There are also five primary school exemplars, although these are not expected to be widely used for the BSF programme).

Final Business Case (FBC)

The document submitted for approval to fund the project, which is required before Commercial and Financial Close of the contract.

Financial Close

See definition of Commercial Close.

Gateway Review

A Gateway is a review of a procurement project carried out at key decision points by a team of experienced people who are independent of the project team.

The Gateway Review process provides assurance to the Project Owner that their project can progress successfully to the next stage. Gateways have been designed to support projects that procure services, construction/property projects and IT-enabled business change projects. The Gateway Review process in Local Government is managed by 4ps, the local government project procurement expert (publishers of this guide).

Invitation to Negotiate (ITN)

The ITN document is issued to short-listed bidders, and provides the following:

- [Instructions and guidance on the process to be followed, timetable, requirements for bids and bid evaluation criteria](#)
- [Details of the services required as stated in the Output Specification](#)
- [Proposed contractual terms governing the arrangement \(inc. contract length and payment mechanism\)](#)
- [Extent to which bidders are able to submit variant bids](#)

Local Education Partnership (LEP)

The joint venture company for local delivery of the BSF programme, formed by a local authority, Partnerships for Schools (PFS) and a Private Sector Partner (PSP).

Official Journal of the European Union (OJEU)

The publication in which contract notices appear, to which interested suppliers respond – previously the Official Journal of the European Community (OJEC). OJEU is commonly used as an abbreviation of the official notice which appears in the Supplement to the Official Journal of the EU.

Outline Business Case (OBC)

Business Case which sets out in detail the scope, costs, affordability, risks, procurement route and timetable of the project such that it can be approved by the Authority to the satisfaction of DfES and the Project Review Group, and for advancing to the procurement stages of the project.

The OBC is written to a prescribed template provided by PFS.

Output Specification

A detailed description of the functions that the new accommodation must be capable of performing. Usually split into building functions and service functions. The Output Specification is intended to state only the outputs required of the services, and not the way in which the PSP will achieve these.

Partnerships for Schools (Pfs)

The non-departmental public body (NDPB) set up to deliver BSF nationally, jointly managed by the DfES and Partnerships UK.

Partnerships UK (PUK)

Partnerships UK was established by Government to accelerate the development, procurement and implementation of public private partnerships (PPPs). PUK works exclusively with and for the public sector. It is 49% owned by the Treasury. See <http://www.partnershipsuk.org.uk> for further info.

(BSF) Pathfinder project

Four projects selected in March 2003 to help shape and prove the BSF programme and which are currently progressing through the project stages.

The Pathfinder projects should remain slightly ahead of the main Wave 1 projects and will provide valuable information on the processes.

Preliminary Invitation to Negotiate (PITN – also referred to as the Invitation to Submit Outline Proposals ISOP)

Issued at the same time as the PQQ in the procurement process, providing more detailed information about the bidder and its approach to partnering. The PITN is used after the PQQ process in the bidder shortlisting process and only looked at if the bidder satisfies the PQQ criteria.

Pre-Qualification Questionnaire (PQQ)

Bidders expressing an interest in the project advertised in the OJEU are issued with a Pre-Qualification Questionnaire which will obtain information as to whether potential bidders have the technical capacity and ability, economic and financial standing to deliver the project.

Private Finance Initiative (PFI)

A procurement route established in 1995, and more widely adopted since 1997. It is an important route for much Government spending on assets, as it transfers significant risks to the private sector.

PFI requires private sector consortia to raise private finance to fund the project, which must involve investment in assets, and the long-term delivery of services to the public sector. In BSF, PFI is one of several possible procurement routes being funded.

Private Finance Initiative Credit (PFI Credit)

PFI Credits represent a commitment on the part of the government to provide a certain level of revenue support to a local authority, under the Local Government (Capital Finance) Regulations 1997.

The government reimburses a contribution to the local authority (which contracts with the private sector to provide facilities) for that element of the contract price that relates to the repayment and servicing of funds borrowed to provide the facilities. The revenue support acts as a contribution to the unitary charge that the local authority will be contractually committed to paying to its PFI contractor.

Private Sector Partner (PSP)

The private sector organisation with which a local authority enters into a PPP or PFI contract.

In BSF, the PSP will have the majority stake within the LEP, and may also be in direct contract with the authority through PFI contracts.

Project Initiation Document (PID)

Defines the BSF project in order to form the basis for the management and assessment of the success of the project. It provides a framework for the Project Board and the Project Manager to assess progress, change management and on-going viability.

Project Review Group (PRG)

The PRG is an inter-departmental group chaired by HM Treasury (HMT), with members drawn from the sponsoring government departments (ODPM, DCMS, DfES, etc). 4ps attends its meetings and contributes to discussions on projects in which it has been involved.

PRG assesses PFI projects to confirm the commercial viability of proposals, prior to commencing procurement. The PRG will assess all projects in BSF with a PFI element.

Project Directors (PD)

The PfS staff who advise the local authority project team, and lead them through the standardised BSF process.

Public Private Partnerships (PPP)

The relationship formed between the private sector and public bodies often with the aim of introducing private sector resources and/or expertise in order to help provide and deliver public-sector assets and services.

The concept of PPP embraces many forms of partnership including PFI.

Public Private Partnerships Programme (4ps)

4ps is local government's project delivery specialist. 4ps works in partnership with all local authorities to secure funding and accelerate the development, procurement and implementation of PFI schemes, public private partnerships, complex projects and programmes. 4ps' multidisciplinary team provides hands-on project support, gateway reviews, skills development and best-practice know-how.

4ps is providing support to local authorities for the BSF programme, through its Expert Client programme.

School Organisation Committee (SOC)

The SOC considers and approves the annual School Organisation Plan for the LEA area and considers individual statutory proposals for changes to schools (e.g. new schools, school closures, enlargements and additions of nurseries and sixth forms). Proposals have to be agreed unanimously by the Committee; if not they must pass the proposals to the independent schools adjudicator.

There are up to six interest groups on a School Organisation Committee. Each group must have one and not more than seven members. Each group has one vote no matter how many members it contains.

School Organisation Plan (SOP)

Each Local Authority is required under statute to produce a plan covering at least 5 academic years from the time of writing, broadly setting out how the authority will meet its statutory responsibilities to provide sufficient educational provision within its area.

Shareholders Agreement (SHA)

The agreement between the co-shareholders in the LEP (the Local Authority, Partnerships for Schools (Pfs) and the Private Sector Partner (PSP) which provides the basis for joint working within the Local Education Partnership (LEP), including their individual rights and obligations.

Special Purpose Vehicle (SPV)

The company that will be established by the LEP to operate and manage individual tranches of the BSF project. Its sole purpose will be the delivery of the tranche. It will deliver the services using either PFI or traditional funding.

Strategic Partnership Agreement (SPA)

The contractual agreement between the Local Authority and the Local Education Partnership (LEP) which sets out the details of the partnership working between them and defines key terms such as exclusivity and the new project approval process.

Standardisation of PFI Contracts (SoPC)

Guidance documentation and approved drafting produced by PUK on behalf of HM Treasury, which sets out national standards for PFI contracts. The third edition (SoPC3) was updated in April 2004 and is binding on all PFI funded projects.

Strategic Business Case (SBC)

The SBC demonstrates the linkages between the authority's corporate and educational vision, incorporating its strategic estate planning. It is the first major document to be submitted for approval in the BSF process, prior to Outline Business Case.

Supported Capital Expenditure (Capital) (SCE(C))

This refers to capital grant usually paid by DfES to local authorities through the standards fund.

Supported Capital Expenditure (Revenue) (SCE(R))

This refers to support to local authorities for borrowing for capital purposes, paid through a revenue stream by the Office of the Deputy Prime Minister.

Unitary Charge

The monthly payment made by the Authority to the provider over the lifetime of the project for the services received under the Project Agreement.

Wave

A group of BSF projects in a number of authorities with funding starting in a particular financial year.

Wave 2 and Wave 3 projects

Projects that have been granted approval in principle for funding within Wave 2 (contract signature 2006/07, or Wave 3 (contract signature 2007/08), which then progress through the project stages described in guidance documentation.



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4ps is local government's project delivery specialist. 4ps works in partnership with all local authorities to secure funding and accelerate the development, procurement and implementation of PFI schemes, public private partnerships, complex projects and programmes. 4ps' multi-disciplinary team provides hands-on project support, gateway reviews, skills development and best practice know-how.

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