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| Committee: Cabinet | Date: 30 th July 2008 | Classification: Unrestricted | Report No: CAB 022/089 | Agenda Item: |
| Report of: Corporate Director Children's Services Originating officer(s): Ann Sutcliffe Service Head - BSF | | Title: Building Schools for the Future – Procurement and Programme Update including selection of Selected Bidder Wards Affected: ALL | | |

Special Circumstances and Reasons for Urgency in relation to Building Schools for the Future – Procurement and Programme update including selection of selected Bidder

The report was unavailable for public inspection within the standard timescales set out in the Authority's Constitution, because of the continuation of legal negotiations between the parties which it had been anticipated would be completed in time for publication of the agenda for this meeting of the Cabinet.

Chief Officers recommend that a cabinet decision in respect of the selection of the Selected Bidder is taken at the earliest opportunity to ensure that the BSF programme can be implemented within the timescales for the reasons set out in the report.

1. SUMMARY

1.1 This report will provide an update on the Building Schools for the Future (BSF) programme. This will provide an overview of the BSF programme including:

- an update on the procurement phase of the programme;
- evaluation recommending Bouygues Partnership for Education and Community (BPEC) as the selected bidder; and,
- An update on the delivery of the Hub main facility at the Wessex Centre.

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| LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT | |
| <u>Brief description of "Background Paper"</u> | Name and telephone number of holder and Address where open to inspection: |
| None | N/A |

2. RECOMMENDATIONS

2.1 Cabinet is recommended to:

2.1.1 Agree that the consortium Bouygues Partnership for Education and Community (BPEC) be granted Selected Bidder status in relation to the Authority's procurement of its Building Schools for the Future programme;

2.1.2 Authorise the Corporate Director, Children's Services after consultation with the Corporate Director, Resources, the Assistant Chief Executive (Legal) and Lead Member for Children's Services to:

- approve and sign on behalf of the Authority the letter granting Selected Bidder status, having resolved any outstanding commercial issues within the Council's affordability envelope;
- to meet the Selected Bidder costs in the event that Contractual Close cannot be achieved by 31st December 2008, authorise the approval of the Final Business Case, finalise and execute any documents, agreements and any ancillary documents required to implement the Building Schools for the Future programme;

2.1.3 Authorise the Corporate Director, Resources to sign the Certificates required by Section 3 of the Local Government (Contracts) Act 1997;

2.1.4 Approve the adoption of a capital estimate for the Wessex Centre of £4.0m and authorise the Corporate Director, Children Services to approve the acceptance of the related tender for the Wessex Centre, within the agreed funding allocation of £4.0m including works, fees and Furniture, Fixtures and Equipment; and

2.1.5 Agree that the Corporate Director, Children Services proceed to tender for the D&B contract to deliver the new HUB facilities at the Wessex Centre.

3. BACKGROUND

3.1 As part of the Government's £45bn 15 year BSF initiative, LBTH was allocated, in 2006, approximately £180m across two funding 'waves'. Approximately £21m of this sum has been allocated for ICT investment. The level of investment allocated by the DfES is based on pupil numbers; the priority for allocating funding in the national programmes is directly linked to deprivation indexes. LBTH has been allocated its funding in Wave 3 (FY 08/09) and Wave 5 (FY 10/11); this offers the Authority a once in a lifetime opportunity to invest in the secondary school estate and transform education delivery in Tower Hamlets.

- 3.2 The BSF funding for the authority provides the opportunity to support the transformation of our schools, through significant capital and ICT investment. It will support schools in providing quality and innovative learning environments, which will be fully accessible, and also attractive to extended school use and adult learners.
- 3.3 The first two schools to benefit from the BSF funding are St Pauls Way School and Bethnal Green School, these are known as the sample schemes. These two schools were chosen as there was a particular need to support the continued improvement, with regard to teaching and educational attainment. This investment will support the schools in providing a quality learning environment for up to 2100 students as well as the extended community.
- 3.4 Wave 3 funding (approx £80m) was approved by the DfES in February 2007, following the submission and approval of an overarching Educational Vision, a Strategic Business Case (SBC) and an Outline Business Case (OBC). This enabled the Authority to enter the procurement phase of the programmes and commence, under the EU Public Contracts Regulation, the Competitive Dialogue process in order to select a Private Sector Partner (PSP).
- 3.5 The PSP will enter into a 10 year partnership with the Authority and will have exclusivity to deliver, subject to meeting Key Performance Indicators (KPI's) and Continuous targets, the whole of the BSF programme. The Local Authority has agreed to adopt the standard Local Education Partnership¹ (LEP) model to deliver the programme. The LEP will also be able to deliver Additional Works/Services for the Authority within this partnership period. It is not the intention of LBTH to grant exclusivity but to have without obligations an option to utilise the LEP in this broader manner; however, the scope and nature of any additional non BSF new projects will be developed through business cases as they arise within the directorate.
- 3.6 In order to receive approval from the DCSF for the Wave 5 funding (approx £160m), the Authority is required to submit a Strategy for Change (SfC) Part 1, SfC Part 2 and an OBC. The SfC Parts 1 and 2 replace the Education Vision and SBC phases referred to in the Wave 3 business case phase. These have already been submitted to PfS with the place planning, which has secured additional funding for a:
- New 8 FE school;
 - 850 additional 6th form places; and
 - Additional funding for Swanlea School.

¹ Department for Children, Schools and Families (DCSF) and Partnerships UK have set up BSF investments LLP (BSFI) to invest on behalf of Partnerships for Schools (PfS) in relation to PfS' role as manager of the delivery of the 'Building Schools for the Future' (BSF) programme (the BSF programme)

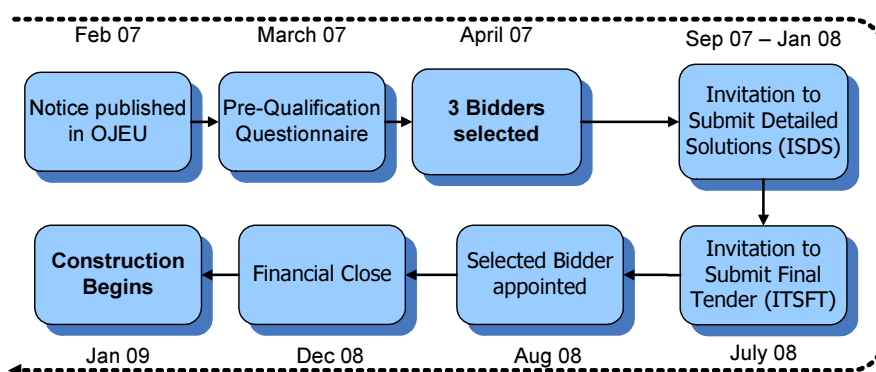
3.7 The SfC2 is still with PfS waiting for approval. The Outline Business Case is due for submission in September and will be considered by Members at the September Cabinet.

4. **PROCUREMENT BACKGROUND**

4.1 LBTH entered the procurement phase of its BSF programme by issuing a notice in the Official Journal of the European Union (OJEU) in February 2007. Following receipt of 5 prequalification questionnaire responses, the Evaluation Team agreed to shortlist 3 bidders in April 2007 to go forward to the detailed dialogue phase of the programme - the Invitation to Submit Detailed Solutions (ISDS) phase. The 3 bidders were:

- Apollo Education;
- Babcock & Brown Education Partnership (BBeP); and
- Bouygues Partnership for Education and Community (BPEC).

4.2 The procurement timeline for the Wave 3 programme is as follows:



4.3 During the ISDS phase, a fortnightly cycle of meetings was held with each of the bidders; one week focused on the Design Team (DTM) workstream, the other on the Legal Financial and Commercial (LFC) workstream. The latter workstream included discussions on the Partnering solution, including an exploration of the Additional Services which the Private Sector Partner(PSP) could offer in the future.

4.4 Bidder meetings are chaired by Service Head BSF, with input from the extended BSF team (including internal and external advisors) as required. Expertise has been drawn on from an extended knowledge pool.

4.5 Design Team Meetings have been attended by the relevant Headteacher, together with either the School Development Advisor (SDA) or a seconded Deputy Headteacher. Each bidder has carried out a pupil engagement session with each sample school. These sessions focused on the use of ICT, design,

and landscaping. Broader school and community engagement will be carried out following receipt of the ISDS submission.

- 4.6 Two schools have formed part of the competitive dialogue process, which are now as sample schemes, they are St Paul's Way School (budget £35m) and Bethnal Green School (£15m). These two schools were chosen as the highest priority schools for the first investment, due to condition issues of their buildings and the fact that one school (BGTC) had just come of out special measures and SPW required strategic and urgent action to raise standards. These schools provide the benchmark data on cost, which will inform the development of the remaining schools in the programme.
- 4.7 On 6 November 2007, Apollo Education formally withdrew from the LBTH BSF procurement process; this was due to the loss of one of their key consortium members at a critical stage in the procurement. The procurement process was continued with the two remaining bidders.
- 4.8 On the 20th December 2007, Babcock & Brown Education Partnership (BBeP) decided to formally withdraw from the LBTH BSF procurement process. This was prompted by the withdrawal of their design and build contractor from their consortium due to a lack of available resource. Leadership from the BBeP consortium met with Corporate Director Children's Services and spoke with the Chief Executive over their decision to withdraw and reiterated their continued commitment to the Grouped Schools PFI contract and the Tower Hamlets LIFT Scheme.
- 4.9 The BSF Project Board, under its delegated authority, considered the implications of the withdrawal of two of the three bidders in the procurement process. The Project Board agreed, in conjunction with Partnerships for Schools (PfS) and the DCSF, to proceed in the Competitive Dialogue process with the one remaining bidder, Bouygues Partnership for Education and Community (BPEC), to the programmed ISDS submission on 21 January 2008.
- 4.10 This decision took into consideration the following:
- 4.11 Cabinet in October 2006 agreed that the LEP procurement vehicle offers the best value for money for the £180m BSF procurement. This offers an integrated Design and Build/ICT/Facilities Management solution, and enables economies of scale to be realised through the use of the LEP to deliver Additional Works and Services throughout the ten year life of the partnership. Consideration of the alternative procurement options open to the Authority did not deliver better value for money.
- 4.12 Moving to a single bidder at this stage in the procurement process presents the Authority with the following opportunities:

- Ability to advance discussions on the BSF interface with the Grouped Schools PFI contract;
- Ability to trial the partnership (and the procurement vehicle) prior to committing to a Preferred Bidder status; and
- Ability to work with BPEC in order to realise programme efficiencies.

4.13 The BSF procurement process is required to demonstrate a value for money solution and this will be challenged through the use of National and BPEC benchmarking data. As part of the programme benchmarking both PfS and BPEC have confirmed and delivered their commitment to making their benchmark data available to the Authority and its advisors, in order to evaluate the BPEC tender.

5. PROCUREMENT - CURRENT POSITION

5.1 The procurement process since January has included detailed negotiations meetings with Bouygues UK and their consortium partners, Ecovert Facilities Management Services and Ramesys (e-business Services Ltd) (ICT). The meetings were supported by corporate colleagues from D&R and Resources (including procurement, ICT and risk management) to ensure that the authority's position overall was being reviewed in the context of the deal as a whole. The meetings have also been attended and moderated by the national programme organisation, PfS (who will be a LEP partner), with particular regard to attendance at the legal, ICT and design meetings.

5.2 Over the last two months there has been a series of meeting facilitated by PfS, to ensure that all commercial issues for the programme are being resolved, and that there is the right level of challenge and benchmark data to ensure that the procurement provides value for money for the authority. This has been a key activity and it is not possible for the authority to Close Dialogue, which is a formal stage, in the competitive dialogue process under OJEU, until all commercial issues are resolved. This position has now been reached and the Authority is now recommending to Members that Close of Dialogue has been achieved and that BPEC should be recommended as Preferred Bidder.

5.3 The budget for the two sample schools includes an allocation for neutralising the effect of inflation. This funding is in place up to January 09, and delays on contractual close (currently anticipated December 08) and commencement on site, will lead to unfunded inflation pressures that will need to be met by the authority or through rescoping of the individual schemes. So the team are using all efforts to ensure financial close by December 08 to avert this risk.

5.4 The total value of the programme to be procured through the LEP (with the exception of the Wessex Centre) is £240million, split between the two waves as follows: wave 3 £80m and W5 £160m. The majority of the funding is through

capital grant, with a small amount of W3 ICT funding being provided as supported borrowing. (See comments of the Head of Finance paragraph 9.)

- 5.5 All of the above workstreams and the value for money reports have been reviewed and approved by the national programme team Partnerships for Schools.

PERFORMANCE MANAGEMENT AND MONITORING

- 5.6 The effectiveness of the LEP and its supply chain is controlled by the application of Key Performance Indicators (KPIs), which have been agreed between BPEC, PfS and the Authority through the competitive dialogue procedure. There are monetary penalties attached to the KPIs and non-performance, as well as the possible loss of exclusivity for delivering future projects (i.e. the LEP is awarded follow on work only if it has met the targets as set out in the KPIs). The KPIs are reviewed and updated on an annual basis, and this work will be managed between the LEP and the client's performance management team.
- 5.7 In addition to the above are a set of Collective Partnership Targets, which have been achieved through agreement with the Bidder.

EXTERNAL REVIEW OF THE PROPOSAL

- 5.8 The programme and the procurement process has been monitored and evaluated by Partnerships for Schools. This is a government requirement but also a great help to the authority as they have contact with other BSF deals so we can get a view on what other contracts have been. The diligence and the support provided by PfS include legal, commercial, finance, design and programme management. This input provides additional assurance that the commercial agreement between all local authorities and BSF bidders is subject to a consistent and rigorous appraisal. The penultimate meeting on the 11th July, with PfS, BPEC and LBTH concluded that all substantial commercial issues are now closed with a small number of outstanding points to be resolved. It is anticipated that the few remaining commercial issues will be concluded by the end of July 2008 which will secure PfS support in Closing Dialogue.

CLIENT STRUCTURE

- 5.9 The authority is currently reviewing how it will create a client side structure to work alongside the LEP. It is important that a strong client team is in place to ensure effective programme, project and procurement management. This will ensure the performance of the LEP, delivery against the contractual KPIs, and the implementation of the schemes. The client team will be established following a review and reorganisation of the BSF team, along with the other

service areas within Children Services which deal with capital and asset delivery.

IMPLEMENTATION AND PHASING OF THE PROGRAMME

- 5.10 The programme is funded in two waves, 3 and 5, with the allocation being £80m and £160m respectively. A programme has been agreed that informs the continuous improvement and economies of scale for the deal agreed with BPEC.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial implications of the BSF programme, as submitted within the LEP Business Plan model, can be summarised under the following headings:

- LEP Set Up Costs;
- LEP Development Costs;
- LEP Overhead Costs;
- Design and Build;
- ICT; and
- FM.

The detailed breakdown of these costs is considered a matter of commercial confidentiality.

- 6.2 Financial models for each of these areas have been diligenced by a team of external and internal advisers for integrity and against local benchmarks within the BSF market.

- 6.3 A brief summary of each of these cost headings is given below:

- 6.4 LEP Set Up Costs. LEP Set Up costs are those costs which are required to incorporate and establish the LEP. PfS offer a grant of £500k to offset this cost for the Authority. These costs have been confirmed as falling within benchmark ranges.

- 6.5 LEP Development Costs. These costs relate to the development of 16 new projects and include: professional fees, surveys and planning related costs. A detailed methodology has been developed with BPEC to ensure transparency of cost build up on each scheme. These costs have been confirmed as falling within benchmark ranges.

- 6.6 LEP Running Costs. These include staff costs, advisers and professional fees, insurance and overheads. These costs have been confirmed as falling within benchmark ranges.

- 6.7 Design and Build Costs. This is the capital cost of delivering the construction works at the schools. The initial contractual close will be on the two sample schools at a cost of £50,156,000. This cost is affordable within the BSF allocation and following a benchmarking exercise has been confirmed as demonstrating value for money. This total capital cost is inclusive of an additional £6,500,000 contribution from the Council for the community facilities at St Paul's Way.
- 6.8 ICT Costs. These are the capital and revenue costs associated with the supply and maintenance of the ICT element of the 1st ten schools in the programme. The BSF programme funds £1450 per pupil for the set up of the managed service and associated hardware. Revenue costs are set at £120 per pupil. The combined funding model is affordable within these parameters and has been confirmed as demonstrating value for money. Additional capital and revenue costs are proposed for the community facilities at St Paul's Way. These will be finalised at Final Business Case in line with the outcome of the St Paul's Way community facilities business case.
- 6.9 FM Costs. These are the revenue costs associated with the provision of a Facilities Management service at the two sample schools. The community facilities at St Paul's Way will be finalised at Final Business Case in line with the outcome of the St Paul's Way community facilities business case. These costs have been confirmed as falling within acceptable benchmark ranges in the market.

7. The HUB (WESSEX CENTRE)

- 7.1 The remodelling of the Wessex Centre is part of the £80m Wave 3 Outline Business Case investment programme approved by Partnerships for Schools.
- 7.2 The Wessex Centre will become a key resource for the delivery of high quality post 16 education for the HUB, as well as the Cambridge Heath Federation (Swanlea, Oaklands and Morpeth Schools). The HUB will provide access to a varied curriculum, ranging from hospitality and high end ICT facilities for up to 200 students at anyone time, these students will be primarily drawn from the 400 place Cambridge Heath Federation. The key priority for the HUB is to ensure the delivery of the diplomas for post 16 students from September 2009. In addition, to this core offer will be the continued use of the facility for youth services, which on a temporary basis will run its services from the Pupil Referral Unit, while the remodelling work is undertaken on the Wessex building.
- 7.3 In order to ensure that this facility is available for the key services outlined in paragraph 7.2 above, it has been necessary to consider the delivery of the build element outside of the LEP. However, it is intended that the LEP will provide both ICT managed services as well as Facilities Management.

7.4 Delivery of this project outside of the LEP has been subject to a separate business case being submitted to Partnerships for Schools. This has been done and approval has been received from them.

7.5 The project will be procured in the conventional manner, using JCT Intermediate Building Contract 2005 edition. This requires the following dates to be met:

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| • Detailed Design (Stage E-F) | Jul to Aug 08 |
| • Tender Documentation/tender (Stage G-H) | Aug to Oct 08 |
| • Construction (Stage J-K) | Nov to Jul 09 |
| • Commissioning/Client Fit out | Aug 09 |

7.6 The value of the project is as follows:

7.7 The capital estimate for the redevelopment of the Wessex Centre is £4.0m. The funding for this scheme is made up as follows: BSF Wave 3 programme, funding of £2.5m in 2006; plus a contribution of £1.5m from the partner schools within the Cambridge Heath Federation.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

8.1 This report is concerned with the process of procuring a Private Sector Partner in relation with the BSF programme commenced by and OJEU notice issued under the Public Contracts Regulation 2006.

8.2 The BSF Procurement process is conducted using the Competitive Dialogue procedure in accordance and in compliance with the Public Contracts Regulation 2006. This procedure is used for complex contracts with the Authority needs to discuss all aspects of the proposed contract and conclude all commercial principle prior to the close of Dialogue stage when it appoints the Selected bidder. Following the appointment of the Selected Bidder, the winning candidate cannot change their bid other than to clarify, specify or fine tune any aspect of their tender. They are forbidden by the Regulations to change the basic feature of the Bid. The Council will as part of this process enter into a number of agreements including a Shareholders Agreement, Strategic Partnering Agreement, Design and Build Agreements, ICT and FM Agreement. The Council has the power to enter into such agreements pursuant to the Education Act 1996, School Standards and Framework Act 1998, Local Government Act 1972 and the Local Government Act 2000. In addition the consortium will require the Councils certification of certain contracts under the Local Government (Contracts) Act 1997. Finally, any staff transfers under the BSF programme will be undertaken in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006.

8.3 The procurement process relating to the Wessex Centre should be conducted in accordance with and in compliance with the Public Contracts Regulations 2006.

9. COMMENTS OF THE CHIEF FINANCIAL OFFICER

9.1 The funding allocation, as approved by Cabinet in November 2006, is outlined in paragraph 3.

9.2 The financial implications of the BSF contract have been subject to value for money tests and scrutiny by Partnerships for Schools and the authority's professional advisers on the BSF project. Further analysis will take place over the coming months up to financial close. On the basis of current projections, the proposals are affordable within the BSF funding envelope.

9.3 LBTH is currently forecast to receive approximately £85m of funding from the DCSF in the first wave of investment, and based on current projections the plans, outlined in the OBC (Nov 06), for this capital investment will support the LBTH education vision without producing an affordability gap. In addition, all schools have supported the position relating to affordability and are aware of their financial responsibilities in terms of the school based costs of Facilities Management (FM) and ICT.

9.4 The costs of the programme (detailed in Section 6) can be summarised into 4 distinct elements: LEP costs; Design and Build; ICT and FM. The LEP costs include set up costs as well as the development and overhead costs. The set up costs will be contained within the capital budget. Further work is currently being undertaken to determine the development and overhead costs as well as the cost of client management of the programme.

9.5 Design and Build of the two sample schools (£50.156m) will be met by a combination of BSF capital funding (£43.656m) and LBTH funding for community facilities at St Paul's Way School (£6.5m). Cabinet committed to funding the project up to £6.5m in March 2008, with a preference to fund this from developer contributions. In the event that developer contributions are not available, the most likely source for the full amount of funding would be from borrowing – at a cost of around £600k a year to the revenue budget (for the full capital sum). This latter sum has not been included in current budget projections.

9.6 ICT costs cover both capital and revenue costs. The capital costs will be contained within the £10.8m allocation from the DCSF. £3.3m of the allocation is supported capital borrowing, the ongoing revenue costs of which (approx £300k per year) has been built into budget forecast projections reported elsewhere on this agenda. The revenue element of both ICT and FM costs will be met directly from schools, funded via the Dedicated Schools Grant.

9.7 A further implication of the transfer of staff as a result of the LEP set up is that under TUPE, the successful partner will be required to provide a pension for transferred staff equivalent to the Local Government Pension Scheme. An arrangement has been reached with the contractor to share this risk, with some of the potential costs of future pensions provision to be retained by the Council. This is common commercial practice. The level of this retained risk cannot be quantified.

9.8 Cabinet has also been requested to adopt a capital estimate for the refurbishment of the Wessex Centre. The costs of developing the 6th Form provision will be funded by a combination of funding streams. £2.5m is contained within the BSF capital grant, with the balance being funded by equal contributions from the three secondary schools (£1.5m) involved in establishing the provision. The ongoing revenue costs will be funded by existing revenue grants for the provision of education (LSC and DSG).

10. EQUAL OPPORTUNITIES IMPLICATIONS

10.1 The BSF investment aims to increase employment, training and educational opportunities for the residents of the borough. Either through improved learning environments, with enhanced ICT facilities, access for community learning and opportunities for apprenticeships through the establishment of partnership vehicle to deliver the investment.

10.2 The priority focus of this programme is to secure improvements to the education environment which will support and secure improved attainment for our students.

11. ANTI-POVERTY IMPLICATIONS

11.1 The BSF programme will support and enhance the aims of the Tower Hamlets Local Labour in Construction scheme. The ISDS submission from BPEC will outline the contribution which their consortium can make to supporting training and apprenticeships across the Borough. This offering will not be limited to the construction industry, but will reflect the range of expertise which BPEC as a consortium can offer to Tower Hamlets' residents.

11.2 At the heart of the BSF programme is the desire to create sustainable communities, putting the school at the heart of the community. This supports the Extended Schools agenda, localisation of services and a cohesive approach to Children's Services. The opportunity to create enhanced community facilities at STPW is a once in a lifetime opportunity for the local area and supports the transformational vision for the St Paul's Way Street.

12. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

12.1 The BSF programme supports and requires sustainable investment of the BSF funding. This is captured in the tender documents in the following areas:

- Building Research Establishment Environmental Assessment Method (BREEAM) – all 100% new build solutions should aspire to BREEAM 'Excellent' and all remodel/refurbishment projects should achieve BREEAM 'Very Good';
- Carbon Neutral School Initiative – in order to receive additional funding from the DCSF of £50/m², the Authority must demonstrate a saving of at least 60% emissions from any new build school. This additional funding is being sought for the STPW development; and
- In line with The London Plan, BPEC is required to submit proposals which achieve 10% (current) and 20% (future) renewables targets. Discussions are taking place with the Planning Department, on a strategy that be applied across the estate as a whole to achieve the targets as proposed. It should be noted that refurbishment projects are difficult to achieve these targets.

13. RISK MANAGEMENT IMPLICATIONS

13.1 A formal risk register is maintained for this project and reviewed at each meeting of the BSF Project Board. Building Schools for the Future is subject to a centrally implemented risk review through a 4Ps Gateway Review process.

13.2 In September 2007, the wave 3 BSF Programme was subject to a Gateway 2 Review. The programme was awarded an 'Amber' rating and it was confirmed that risk management was embedded within the programme's methodology.

13.3 The top programme risks are as follows:

- Contractual close becomes more protracted than anticipated, therefore incurring additional cost on the project due to increased inflation risk being passed to the authority;
- Completion of the development of new projects not achieved within the timelines agreed with the bidder, which would lead to the loss of contract efficiencies and savings;
- Wave 5 Outline Business Case not approved by Partnership for Schools in a timely fashion, therefore impacting on deal flow
- Potential delay to wave 5 investment caused by negotiation of BSF Interface with existing Grouped Schools PFI contract; and
- Insufficient BSF funds to realise the aspiration/expectation funding gap.

13.4 Prior to Contractual close there is a requirement to undertake an external 4Ps Gateway Review. This is a mandatory review and PfS will not sign off the business case until it is completed. This review will provide Members with assurances that the process has been concluded correctly ahead of signing the contracts.

14. EFFICIENCY STATEMENT

- 14.1 As stated in paragraph 5.6, the structure of the LEP model is based on a series of agreed Key Performance Indicators (KPIs) which cover: Partnering, Quality, Timeliness, Customer Satisfaction and Added Value. A Continuous Improvement (CI) target has been agreed for each of these KPIs and a commercial agreement has been reached with BPEC on the Guaranteed Minimum Saving (GMS) which this will generate across the duration of the programme.
- 14.2 Paragraph 5.9 highlights that potential efficiencies will be generated through a review of capital client side functions within Children's Services. This review will be completed by the end of December 2008.