



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: PFI (PRIVATE FINANCE INITIATIVE) - EDUCATION AND TRANSPORT SERVICES

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 This report has been prepared following a Member request for information in respect of the Authority's 2 PFI contracts.
- 1.2 The Authority has 2 PFI contracts, one is for the Sirhowy Enterprise Way (SEW) and the second is for two secondary schools, Lewis School Pengam and YGG Cwm Rhymni.

2. SUMMARY

- 2.1 SEW is a design, build, finance and operate Contract. The contract was signed on 21 January 2004 and the contract concession period is for 30 years expiring on 20 January 2034. The contract for the 2 schools is again design, build, finance and operate and it was signed on 6 April 2001 with a contract concession period of 30 years from commencement of operations. This contract expires on 31 August 2032.
- 2.2 As with all contractual arrangements it is good practice to review contract management arrangements and to explore opportunities to vary contracts or even terminate contracts where there are benefits.
- 2.3 Officers have commenced a thorough review of the 2 contractual arrangements with a view to conclude this review in order to present a range of options to Cabinet in late spring/early summer 2019.

3. LINKS TO STRATEGY

- 3.1 Good contract management arrangements contribute to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -
 - A prosperous Wales.
 - A resilient Wales.
 - A healthier Wales.
 - A more equal Wales.
 - A Wales of cohesive communities.
 - A Wales of vibrant culture and thriving Welsh Language.
 - A globally responsible Wales.

4. THE REPORT

- 4.1 An Officer group has been established to review the Authority's PFI arrangements. This Officer group comprises:-

Head of Corporate Finance and S151
Interim Head of Business Improvement Services
Contracts Manager
Head of Education Planning and Strategy
Finance Manager, Education.

- 4.2 The Officer group has met a number of times and established very early on that specialist support would be required to progress an options appraisal to present to Members. This approach has been endorsed by the Corporate Management Team.
- 4.3 LP (Local Partnerships) have been engaged and have expertise in this specialist area to assist Officers.
- 4.4 LP have assisted other Local Authorities in Wales with similar reviews. From the outset it became clear that the detailed review culminating in an options appraisal report to Members would take a lengthy period. These are complex high value contracts and the Officers involved at the commencement of the contracts have now left the Authority.
- 4.5 Officers are anticipating that the options appraisal report will be presented to Cabinet in late spring/early summer 2019.
- 4.6 At this early stage of the process there are no conclusions and it is still very much work in progress.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The effective management of the Authority's contractual arrangements are key in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

6. EQUALITIES IMPLICATIONS

- 6.1 This report is for information purposes, so the Council's Equalities Impact Assessment (EqIA) process does not need to be applied.

7. FINANCIAL IMPLICATIONS

- 7.1 The actual costs to date for engaging LP to support the review process are £32.6k. This one-off cost has been funded through underspends in Corporate Finance.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no direct personnel implications arising from this report.

9. CONSULTATIONS

- 9.1 There are no consultation responses that have not been reflected in this report.

10. RECOMMENDATIONS

10.1 Members are asked to note the contents of this report.

11. REASONS FOR THE RECOMMENDATIONS

11.1 To ensure Members are updated in respect of the Authority's PFI arrangements.

12. STATUTORY POWER

12.1 Local Government Acts 1972 and 2003.

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