

**CHILDREN'S SOCIAL SERVICES
LOCAL AUTHORITY CIRCULAR**

LAC(SC06_3)

To: The Chief Executive
County Councils)
Metropolitan District Councils) England
Shire Unitary Councils)
London Borough Councils
Common Council of the City of London
Council of the Isles of Scilly

The Director of Social Services
The Director of Children's Services
The Director of Education
The Finance Director

17 May 2006

CHILDREN'S SERVICES: PRIVATE FINANCE INITIATIVE

SUMMARY

1. This circular, which should be read in conjunction with LAC(2005)16, provides the outcome of the Expressions of Interest stage of the Children's Services Private Finance Initiative (PFI) bidding process and sets out the criteria for formal bids.

ACTION

2. Authorities that submitted an Expression of Interest that wish to submit a formal bid for PFI credits for children's services should complete and return the proforma provided at Annex A by 25 August 2006.

BACKGROUND

3. LAC(2005)16 invited authorities that may be interested in submitting a formal bid for PFI credits for children's services in 2006 to complete and return a short Expression of Interest by 20 January 2006. The purpose of the Expression of Interest was to enable the Department to gauge both the likely demand over the three years 2005-06 to 2007-08 and the types of projects that authorities want to undertake before determining if a formal bidding round was necessary.

OUTCOME OF EXPRESSIONS OF INTEREST

4. 34 local authorities submitted Expressions of Interest (listed at Annex B), covering a total of 39 different projects with a combined value of £188 million. 6 local authorities submitted more than one Expression of Interest and in one case 3 local authorities submitted a joint Expression of Interest.

5. The themes covered by the proposed projects varied but the most common were:

- Developing Children's Centres for pre-school age children

- Developing multi-service centres: education welfare, youth, social services, etc
- Developing facilities and bringing together services for disabled children and those with complex needs

6. The outcome of the Expressions of Interest stage clearly demonstrates that there is demand amongst local authorities for PFI credits for children's services. We have therefore decided to proceed to stage 2 and invite formal bids from those authorities that submitted an Expression of Interest. A list of these authorities can be found at Annex B.

CRITERIA FOR FORMAL BIDS

7. As the level of demand for PFI credits for children's services considerably outstrips the available resource, there will be more rigid criteria set for formal bids. The criteria, which is set out in paragraph 8, has been approved by Ministers following consideration of the types of projects authorities described in their Expressions of Interest and the level of capital resource already available in these areas.

8. Formal bids must relate to a project that:

- (a) advances the opportunities or facilities available to disabled children or children with complex needs in a manner that promotes the Every Child Matters agenda;
- (b) extends an existing or planned PFI project;
- (c) has the support of the of existing contractors (where it links to an existing PFI project);
- (d) is estimated to cost a total of no less that £1 million and no more than £5 million; and
- (e) demonstrably provides value for money.

9. Authorities must use Annex A to set out their formal bids.

10. Completed formal bids should be emailed to Jo.O'Boyle@dfes.gsi.gov.uk by **25 August 2006**. Please note that the submission of a formal bid does not guarantee funding will be approved.

PROCESS FOR ASSESSING BIDS SUBMITTED

11. Set out below is the process that will be followed by DfES at the close of the formal bidding round.

<u>Action</u>	<u>Timing</u>
▪ Officials to analyse bids and gather any further information required.	By 8 September 2006
▪ Bids to be submitted to the independently-chaired Schools / Children's Services PFI Credits Panel for consideration and recommendations to Ministers.	By 6 October 2006
▪ Decision by Ministers on successful bids.	By 27 October 2006
▪ Decision relayed to local authorities.	By 3 November 2006

ENQUIRIES

12. All enquiries about this circular should be directed to Jo O'Boyle by email at Jo.O'Boyle@dfes.gsi.gov.uk or by phone on 020 7925 6402.

CANCELLATION OF CIRCULAR

13 This Circular should be cancelled on 26 August 2006.

Children's Services PFI Credits**FORMAL BID**

Authority:	
Named Contact:	
Job Title:	
Contact Details:	

Description of Proposed Project

Please include details of what you intend to achieve, specifically:

- (a) who the project is aimed at;
- (b) why the project is needed;
- (c) the aspired outcomes of the project (including how - and over what timescale - these outcomes will be measured); and
- (d) evidence that the project is deliverable and realistic.

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Estimated Start Date of Proposed Project		Estimated End Date of Proposed Project	
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Existing or Planned PFI Project

Please provide details of which existing or planned PFI project the proposed project will enhance, including the stage of this project (i.e pre-procurement, in procurement, signed but under construction, fully operational)

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Total Bid (PFI Credits)	£
For information: £1 capital exp equals £1.65 PFI Credits	
Estimated Annual Budget to Cover Non Capital Costs	£
Please indicate whether the authority has approved, or whether it is willing to approve, the additional annual increase in the PFI unitary charge payable to the PFI contractor.	

Alternative Procurement routes
(a) Please explain why you feel that PFI is a sensible procurement route for the proposed project. (b) Please set out all other procurement routes and why these were rejected.

Value For Money

- (a) Using the Treasury guidance¹, please outline how you expect to achieve value for money for the proposed project.
- (b) If you are linking to an existing, post-contract, PFI project, please provide details of your negotiations with the contractor(s) and how you have ensured value for money will be achieved.

Previous Project Variations

Please provide details of any previous variations to the existing PFI project agreed with the private sector partner and indicate how successful this process was in terms of pricing and completion.

Central Government Contact

Please provide the name and contact details of the central government official involved in the existing or planned PFI project.

Completed bids should be emailed to Jo.O'Boyle@dfes.gsi.gov.uk

¹ http://www.hm-treasury.gov.uk/documents/public_private_partnerships/key_documents/ppp_keydocs_vfm.cfm

LIST OF AUTHORITIES THAT SUBMITTED AND EXPRESSION OF INTEREST AND THEREFORE ELIGIBLE TO SUBMIT A FORMAL BID

Barnsley
Birmingham
Bradford
Cornwall
Coventry
Derby
Derbyshire
Dudley
Ealing
Hackney
Hammersmith and Fulham
Herefordshire
Hertfordshire
Isle of Wight
Kent
Kirklees
Knowsley

Lambeth
Leeds
Newcastle
Northamptonshire
Nottinghamshire
Plymouth
Rochdale
Rotherham
Sheffield
Shropshire
Sunderland
Swindon
Tower Hamlets
West Sussex
Wiltshire
Worcestershire
York