

<b>Report to:</b>	<b>EXECUTIVE CABINET</b>
<b>Date:</b>	29 July 2020
<b>Reporting Officer / Executive Member :</b>	Councillor Oliver Ryan - Executive Member (Finance & Economic Growth) Director of Growth – Jayne Traverse Assistant Director of Finance – Tom Wilkinson
<b>Subject:</b>	<b>IMPACT OF COVID ON THE LOCAL EDUCATION PARTNERSHIP (LEP) ADDITIONAL SERVICES INCLUDING CONSTRUCTION FM / SCHOOL CATERING CATERING</b>
<b>Report Summary:</b>	<p>The review of the Additional Services Contract, which is provided through the LEP Strategic Partnering Agreement, until 2024, had been interrupted by; the availability of staffing resources, the Assistant Director – Strategic Property started in April 2020, and the diversion of resources to deal with the Covid 19 pandemic. Of importance the post Covid 19 world will require a comprehensive review of the public sector estate, which in turn will also effect the future provision of the services currently provided through the LEP and consequently it makes sense to review this in light.</p> <p>The Director of Growth will report back to Executive Members by December 2021 with the outcome of the Capital Projects review and Facilities Management review.</p> <p>The Director of Growth will report back to Executive Members by March 2021 with the outcome of a review of Primary School Catering.</p>
<b>Recommendations:</b>	<ul style="list-style-type: none"> <li>(i) That the term of the Additional Services Contract with the LEP is extended to 31 July 2022.</li> <li>(ii) Delegate authority to the Director of Growth in consultation with the Director of Governance &amp; Pensions to finalise and amend the contract extension and associated commercial terms of the Additional Services Contract.</li> <li>(iii) That the Director of Growth and Assistant Director Education notify schools of the extended arrangements for Primary School Catering and that at the Director of Growth undertakes a detailed options review and presents recommendations on the future provision Primary Schools Catering to Executive Members by March 2021. Noting that the notice period of schools in relation to the catering contract will probably have to vary to at least 12 months in order to maintain the viability of the contract.</li> <li>(iv) That following a post COVID 19 review of the estate and capital programme, the Director of Growth undertakes a detailed review of Capital Projects/ Construction delivery and reports to Executive Members by December 2021.</li> <li>(v) That following a post COVID 19 review of the operational estate the Director of Growth undertakes a detailed review of Facilities Management and reports to Executive Members by December 2021.</li> <li>(vi) That the Agreements with the LEP relating to the provision</li> </ul>

of facilities management and lifecycle services to the Samuel Laycock and Great Academy schools should be reviewed in consultation with the schools and considered as part of the review of the wider BSF schools estate and contracts, which will be the subject of separate key/executive decision.

- (vii) That the Director of Growth and Director of Children's Services update their respective Executive Members with progress on a monthly basis.
- (viii) Executive Cabinet to note that the LEP is contractually obliged to remain in place until 2036 to hold the PFI shares of the PFI schools.

**Corporate Plan:**

To support the delivery of the Corporate Plan.

**Financial Implications:  
(Authorised by the statutory  
Section 151 Officer & Chief  
Finance Officer)**

There are three aspects to the current LEP arrangements.

1. The Primary Schools Catering contract is currently provided to 33 primary schools and costs over £2m per annum and currently costs £2.50 per child meal produced – This is funded by UIFSM/FSM and income received from staff and parents. The Council continue to maintain the kitchens and the cost of this is included within the recharge to each school of £2.63 per meal. The additional 13p covers all overheads and kitchen maintenance costs.
2. The Additional Services contract provides FM services across over 100 sites at the cost of £4.010m per annum including running events and collecting income for the Council of approx. £77k. The contract also provides reactive maintenance to buildings. The current revenue budget for this is £600k.
3. Under the Capital Programme, which stands at £100m, the LEP is currently eligible to deliver over £45m of this work, mainly on the Education, Leisure and Estates building programme. A number of these projects have not yet started and are not yet contracted for.

**Legal Implications:  
(Authorised by the Borough  
Solicitor)**

This report provides Members with an oversight of progress being made on the review of the services delivered through the Local Education Partnership (LEP)

The LEP operates as a procurement mechanism, similar to STAR, to facilitate a single point of entry for the Council to access the market in relation to the capital investment projects under the Building Schools for the Future Programme. The arrangement operates under a Strategic Partnership agreement which is due to expire in 2024. Provided contracts are properly procured and scoped via the LEP the Council obtains all risks cover.

In addition to the Strategic Partnership there are additional contracts which sit under it to deliver services such as primary school catering, facilities management and capital build and are subject to their own extension and termination provisions and can accommodate the extensions as set out in the main body of this report. The notice period of schools in relation to the catering contract will probably have to vary to at least 12 months in order to

maintain the viability of the contract.

**Risk Management:**

Risk management is addressed within the body of the report.

**Background Information:**

The background papers relating to this report can be inspected by contacting Paul Smith (Assistant Director Strategic Property)

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## 1. INTRODUCTION

- 1.1. The Council set up the Local Education Partnership (LEP) in February 2009 as a delivery vehicle through, which capital investment from the Government's Building Schools for the Future (BSF) programme could be effectively deployed. The contract with the LEP was subsequently extended to include additional services and as time progressed the LEP was used increasingly to deliver services traditionally delivered by the Council. The Strategic Partnering Agreement between the Council and the LEP was set to run for an initial 10 year period to February 2019 with provisions within the agreement to extend by a further 5 years to February 2024.
- 1.2. The terms of the BSF programme meant that the Council had to engage with a strategic delivery partner through the LEP and that partner take an 80% shareholding in the LEP. The remaining 20% shareholding was split equally between the Council and Building Schools Future Investments (BSFI), which at the time was owned by the Department for Education. Following a comprehensive procurement process Carillion was appointed as the strategic partner until their demise in 2018. .
- 1.3. The establishment of the LEP has allowed the Council to deliver over £400m of school and operational capital works over the past decade and has been a successful investment vehicle with the rebuilding and modernisation of over 20 schools within the Borough.
- 1.4. As a result of the liquidation of Carillion, PWC, the liquidators have since sold the Carillion shares (80%) in the LEP to Amber Infrastructure, who now controls 90% of the LEP, therefore breaking the link with the ownership of the LEP and its strategic delivery partner.
- 1.5. Executive Cabinet agreed in June 2018 that the LEP could replace Carillion with Robertson Group as the main strategic partner to allow the completion of the Vision Tameside Phase Two programme and the continuity of facilities management, primary schools catering and estates management services.
- 1.6. Executive Cabinet at this time also agreed a review into the operation and effectiveness of the LEP and provide options for the delivery of services in the future in light of the changing landscape for this type of arrangement following the collapse of Carillion.
- 1.7. Following the Executive decision in June 2019 to insource estates management, the Council now has three main contract functions within the LEP under the Additional Services Contract:
  - Facilities Management – Providing Facilities Management services to the Council for its operational buildings (excluding schools).
  - Capital Projects – the delivery of capital projects, each subject to separate model contracts;
  - Primary School Catering – schools have the option to opt out at 6 months' notice which will need to be reviewed to at least a year to ensure the contract remains viable for the short term.
- 1.8. More recently the COVID 19 pandemic has had, and is continuing to have wide ranging consequences and taking a significant amount of management time relating to the Health and Economic impacts and to maintain priority Council services during this challenging time. At the time of drafting this report a significant numbers of Council office based staff are working from home and it is likely that post pandemic people will continue to work more flexibly and therefore change the requirement for Council offices and associated facilities management services. This impact and opportunity is being reviewed by officers across the Council as part of developing the Strategic Asset Management Plan and will help inform the proposed property and FM options appraisal and business plan.

- 1.9. It should be noted that the facilities management and lifecycle arrangements (FMAs) for the Samuel Laycock and the Great Academy schools, which were procured under the BSF programme in conjunction with Design & Build contracts for their redevelopment, have expiry dates of 31 August 2036. These FMAs will be reviewed in the context of the Council's Strategic Asset Management Plan, in particular the options appraisal relating to the delivery of facilities management services. This will be covered in a separate review of the BSF funded contracts and this will include a review of the contracts for Samuel Laycock and Great Academy an.

## **2. ADDITIONAL SERVICES CONTRACT REVIEW**

- 2.1. The Additional Services Contract is provided through the LEP Strategic Partnering Agreement, until 2024.
- 2.2. The Director of Growth used external support to commence the LEP review and internal scrutiny to inform the future structure of the Directorate and to provide evidence to support the recommendations in this report. However this review has been interrupted by:
- the availability of staffing resources, the new Assistant Director – Strategic Property started in April 2020,
  - the diversion of resources to deal with the Covid 19 pandemic.
- 2.3. It is also noted that the post COVID 19 world will require a comprehensive review of the public sector estate, which in turn will also effect the future provision of the services currently provided through the LEP.
- 2.4. The review concluded that the contract with the LEP is broadly fit for purpose, however due to the changes to the Council's operating environment, the impact of COVID 19 and in line with the Councils emerging Strategic Asset Management Plan, it is now right for the Council to assess its future requirements in terms of the objectives, scale and scope.
- 2.5. The potential for flexible and agile working has been highlighted by COVID 19, this has allowed many services to reconsider their service delivery methods. Although no decisions have been made it is probable that the makeup and use of the operational estate will face a period of rapid change in the next 12 months, greatly effecting the Councils Facilities Management requirements.
- 2.6. The review recommends that a post COVID 19 review of the operational and public sector estates, is undertaken alongside a review of the Councils Corporate Capital plans. These actions will then inform a next stage review of the Facilities Management and Capital Programme services provided via the LEP.
- 2.7. Urgent decisions are now needed in respect of arrangements beyond July 2020.

## **3. STRATEGIC PROPERTY CAPACITY**

- 3.1. To ensure that the Strategic Property service has the required skills and capacity, the new Assistant Director of Strategic Property has commenced a staffing / structure/ skills review of the Strategic Property Division within the Growth Directorate.

## **4. RISKS & ISSUES**

- 4.1. Property and Facilities management services are enabler services to core council services. As such if not effectively managed can have an impact across the organisation. The key risks associated with poor management and/or performance are:

- a) Non-compliance with statutory and H&S requirements
- b) Negative effect on council services and customer experience
- c) Capital projects cost and/or timescale overruns
- d) Poor quality and unreliable built environment
- e) Increased property running costs
- f) Poor business continuity/resilience
- g) Negative impact on the environment

## **5. STRATEGIC OVERSIGHT & CLIENT MANAGEMENT**

- 5.1. The Growth Directorate holds the budget for the delivery of the services provided by the LEP and has strategic oversight and client management responsibility for these to ensure that the contract is effectively managed and delivers value for money.
- 5.2. The Council affords a Director position on the LEP Board and its associated companies, which is held by the Director of Growth.

## **6. THE FUTURE OF THE LEP AS A LEGAL ENTITY**

- 6.1. The LEP is a company limited by guarantee and is currently owned by Amber, International Public Partnerships Limited (INPP) (fund controlled by Amber) and the Council. The LEP itself holds 10% of the shares in the two PFI Project Co's which were set up to deliver the BSF schools programme. There are also a number of guarantees and warranties that the LEP or Special Purpose Vehicle are liable for on works delivered by it for the Council.
- 6.2. The LEP will continue in existence until all of its obligations under the BSF funded contract have expired in 2036, to the benefit of the Council and its educational provision.

## **7. RECOMMENDATIONS**

- 7.1. As set out on the front of the report.