



Schools PPP Savings Healthcheck

Schools PPP contracts represent a growing area of council business and expenditure, expected to involve around £500m per annum by 2012, when all the contracts currently underway become operational.

As councils search for ways of reducing expenditure and improving performance, don't forget that although your council may have signed up for PPP schools projects and as a consequence will be paying a monthly Unitary Charge to the PPP consortium, additional expenditure may be being incurred as schools establish their use of the PPP facilities. The risk is that unless rigidly controlled, this expenditure could quietly increase as you focus on alternative areas of reducing expenditure.

The purpose of this Health Check is to minimise this type of expenditure in schools PPP programmes through a review of your council's control systems established to manage the contractual interface between the council and the PPP consortium.

At the end of this study you will be presented with an assessment of the effectiveness of these systems and an indication of where procedures, practices and processes could be improved with consequent financial savings.

What we will do

The following areas will be examined in detail through a systems check, interviews with staff and scrutiny of relevant invoices and supporting documents:

- Invoices are correctly calculated and have adequate supporting information
- Appropriate deductions are made if the contractor fails to meet contractual standards
- Additional charges are not made for services included in the Unitary Charge, or in relation to matters where risk lies with the contractor
- Additional charges are fair and reasonable, and consistent with comparable items included in the project agreement

- council staff who are in contact with the contractor at both establishment and central levels are adequately trained in relation to these procedures, and that newly appointed staff are included in these arrangements

- Annual Indexation of Unitary Charge and of the Service Unit Rate (the rate applied for Deductions) are properly applied

- Charging for Additional Hours of Use

- Costing of Contract Variations

- Malicious Damage.

Our experienced consultant

Stephen Shaw was a Senior Education Officer with Aberdeenshire Council, where he worked on both of the council's schools PPP projects at all stages from the formulation of the outline business case to the management of the operational phase of the projects. The NPV of these projects were £32m and £65m respectively, and the Annual Unitary Charges approximately £3m and £6m.

He successfully completed a part-time MBA at Aberdeen University in 1999. The Finance & Accounting, Contract Law and Company Law components of the course have complemented his background in the Education Service in understanding all aspects of the PPP process.

Anticipated cost of this service

This service will be delivered over seven consultancy days at a cost of £5250 plus VAT, travel and any accommodation expenses.

For further information please contact the Resource Centre. You can either phone on **0845 601 0649** or email resource.centre@solaceenterprises.com

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