

**EDUCATION PPP PROJECTS
Pre-FINANCIAL CLOSE KEY STAGE REVIEW**

**SCOTTISH EXECUTIVE FINANCIAL
PARTNERSHIPS UNIT**

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Project Management and Monitoring During the Construction Operational Phases.

Introduction

Authorities may find the Treasury Taskforce Technical Note No. 6, How to Manage the Delivery of Long Term PFI Contracts, helpful in planning and implementing their strategies for supporting their PPP projects.

What is the purpose of this review?

The purpose of this third Key Stage Review is to assist Authorities in considering what needs to be put in place in terms of staffing and resources ahead of the construction and operational stages of their PPP projects, to support and manage their PPP contract going forward.

There are two distinct management and monitoring phases to be considered, construction and operation. The make-up of the project in respect of new build versus refurbishment will probably be the major influence in the approach to construction monitoring, with refurbishment typically requiring a greater input from the Authority.

In the following sections there are questions for Councils to consider as part of a self-assessment. Councils should respond to every question and each answer should start with either a yes or a no.

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What is the submission process?

Councils are required to submit the completed Key Stage Review to the Head of the Financial Partnerships Unit (FPU) no later than a week before scheduled Financial Close.

The completed self-assessment should be submitted, preferably in electronic format (preferably burned onto CD), with responses to each question clearly numbered. The review will not be undertaken unless the self-assessment is complete.

How will this review be carried out?

The Scottish Executive has asked Partnerships UK (PUK) to undertake the review on its behalf.

The review process should last no more than two days.

What are the possible outcomes?

On completion of the review, PUK will compile a draft report and discuss it with the project manager, prior to submission of a final report to the Scottish Executive FPU.

The Council's chief executive, or chair of the project steering group, should make a written response to the Head of the FPU setting out the Council's response to any recommendations made in the report.

The Scottish Executive will review the Council's response and may ask to meet with the project manager, team, or project steering group, to discuss any arising issues.

Who will be responsible for contract management and monitoring, following financial close, and then post Full Services Commencement?

1. Please provide organisational diagrams showing the persons/posts responsible for all aspects of management and monitoring of the PPP project following financial close and following Full Services Commencement. This should show reporting and communication lines in respect of these duties. Please clarify if job descriptions exist for these posts.
2. Please provide a further diagram showing how the Authority will interface with the Contractor's representatives during construction and following Full Services Commencement.
3. Have all the Authority posts indicated been allocated? If not, what is the programme for filling these posts?
4. What steps have been taken to ensure continuity of personnel between the contract procurement, the construction phase and the operational phase?
5. Has any call-off arrangement with external advisers been considered post financial close?
6. Is the council satisfied that sufficient amounts have been allocated to resource contract management and monitoring, in its annual budget? Can you provide an indication of the budgets allocated?

How will monitoring be structured?

7. Using the posts identified above, please provide the meeting/ liaison structure for monitoring the contract during construction and operation. A diagrammatic explanation may be the easiest way to capture this information. (So, is there a Project Liaison Committee, how often does it meet, how does it relate to other monitoring interfaces. Is there a monthly performance review meeting with schools, is there a frequent meeting with the Contractor's Concession Manager, how does information cascade between the various forums, and so on.)
8. Have the proposed monitoring, management and implementation structures been discussed with the Council's internal auditors? Did they make any comments on them?
9. Does the Authority have on-line access to all the Contractor's helpdesk information?

Cascading awareness.

10. What steps have been taken to ensure that users of the facilities, and other stakeholders in the project, are aware, and will continue to be aware, of the monitoring mechanisms put in place?
11. Do wider stakeholders have ready access to the monitoring arrangements? For instance, can community users access an appropriate client side contact if they are dissatisfied with the performance or response from the Contractor?
12. Is the Contractor aware of, or has he been consulted on, the Authority's intentions for monitoring and management of the contract?
13. Have any arrangements been put in place for a formal post-occupancy evaluation?

Management and Monitoring; The Authority's Obligations

14. Has a comprehensive list been drawn up of any obligations the Authority may have under the contract during both construction and operation? This may include;
 - i. Checking and processing of invoices within a set timescale,
 - ii. Agreement on utilities costs,
 - iii. Adjustment to the Unitary Charge in respect of indexation,
 - iv. Adjustment to unitary charge in respect of employer pension contribution (where risk may remain with Authority over a certain level)
 - v. Shared responsibility on fire safety, evacuation plans etc.
 - vi. Design development, including turnaround time/ internal process for documents submitted by the contractor.
 - vii. Decant management.
 - viii. Acceptance of Full Services Commencement at project facilities.

Please provide the current list of anticipated Authority obligations during both construction and operational stages.

15. Please fill in the below table representing numbers of staff transferred under the the Protocol.

Category	Headcount	Full Time Equivalent
Catering Staff		
Cleaning Staff		
Janitorial Staff		
Managerial Staff		
Administrative Staff		
Facilities Staff		

16. Has the bidder sought and gained admitted body status, and if not, what other arrangements are, or are to be put, in place?

17. Are the procedures in place to ensure that new employees recruited are offered terms and conditions that are no less favourable to those of transferred employees?

Management and Monitoring; General Monitoring

18. Has a comprehensive monitoring list been drawn up for use post full services commencement? This may include review of:

- i. Performance monitoring, deductions accumulating towards warning notices etc,
- ii. Life cycle expenditure.
- iii. Safety inspection certification.
- iv. Disaster management planning.
- v. Insurance claims summaries, level of cover, benchmarking regimes etc.
- vi. User satisfaction surveys etc.
- vii. Post-occupancy evaluation

Longer Term Monitoring

19. Has there been an attempt to capture the longer term issues (beyond recurring annual matters) that will require ongoing management, and has a post/officer been made responsible for them. For example:

- Market testing of Soft FM
- Insurances renewal
- Refinancing
- Contractor’s proposals not meeting the Facilities Requirements (within [X] years of Service Availability Date)
- Major Incident Plan, planning and review cycle
- Change orders
- Best value information

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- Capture of longer term benefits/ delivery of strategic project objectives (say a 5 year review)

Feedback

Your comments on this KSR would be appreciated to allow improvements to assist other Authorities.

20. Were there any aspects of management and monitoring omitted from this document that you thought should have been included, either from your own experience, or from that observed elsewhere?

21. From your own experience, if applicable, what are the most challenging aspects of managing and monitoring a PPP contract?

Thank you.