

Public Private Partnerships Unit

Background Information



“The Mission of the Council is to bring the benefits of a prosperous, vibrant and attractive city to all the people of Leeds”

Public Private Partnerships Unit (PPPU)

May 2009

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Section 1

LEEDS CITY COUNCIL



OUR VISION

Our Vision for Leeds is an internationally competitive European city at the heart of a prosperous region where everyone can enjoy a high quality of life.

The City's Community Strategy, Vision for Leeds 2004-2020, identifies three aims:

- Going up a league as a city, making Leeds an internationally competitive city, the best place in the country to live, work and learn, with a high quality of life for everyone;
- Narrowing the gap between the most disadvantaged people and communities and the rest of the city;
- Developing Leeds' role as the regional capital, contributing to the national economy as a competitive European city, supporting and supported by an increasingly prosperous region.

OUR VALUES

Our values define how our organisation will deliver the vision by:

- Looking after Leeds;
- Putting customers first;
- Treating people fairly;
- Valuing colleagues.

OUR MISSION

Our Mission is to bring the benefits of a prosperous, vibrant and attractive city to all the people of Leeds. We want:

- people to be happy, healthy, safe, successful and free from the effects of poverty;
- our young people to be equipped to contribute to their own and the city's future well being and prosperity;
- local people to be engaged in decisions about their neighbourhood and community and help shape local services;
- neighbourhoods to be inclusive, varied and vibrant offering housing options and quality facilities and free from harassment and crime;
- an environment that is clean, green, attractive and above all, sustainable; and
- A city-region that is prosperous, innovative and distinctive enabling individuals and businesses to achieve their economic potential.

LEEDS STRATEGIC PLAN 2008 - 2011

Executive Board agreed a new corporate planning framework for the Council. At the heart of the new framework will be a Leeds Strategic Plan which will set out what the Council will deliver itself and what it will deliver in partnership with others in the period of 2008 – 2011.

Our strategic outcomes and improvement priorities will be focused on delivering the eight Vision themes in the Vision for Leeds, the sustainable community strategy for the city.

The Strategic Outcomes are:

- Culture
- Enterprise and the Economy
- Learning
- Transport:
- Environment:
- Health and Wellbeing
- Thriving Places
- Harmonious Communities

LEEDS COUNCIL BUSINESS PLAN 2008 – 2011

The Council Business Plan 2008-11 is currently being developed. This plan will set out how the organisation will develop over the next three years. It will be a supporting document to the Leeds Strategic Plan 2008-11.

The Council Business Plan will outline the business development, organisational change, process transformation and financial planning activities that we will be undertaking over the next three years. It will ensure that we have the resources in place to deliver our outcomes over the next three years.

The outline aims and objectives of the Council Business Plan 2008-11 are to:

- establish the common corporate goals for organisational development and transformation activities;
- set out the supporting high level strategic actions for the next three years in order to achieve these goals;
- define how we will measure the delivery of the business plan so that this can be easily monitored by key stakeholders;
- ensure the financial resources are in place to deliver the outcomes set out in the Leeds Strategic Plan and the Council Business Plan;
- provide a clear communication tool; and
- provide a comprehensive evidence base for external auditors to demonstrate the effectiveness of the organisation.

The Business Plan Outcomes are:

- We are a values led organisation and our people are motivated and empowered;
- We are an intelligent organisation, using good quality information to deliver better outcomes; and
- Our resources are clearly prioritised to provide excellent services and value for money.



Section 2

PUBLIC PRIVATE PARTNERSHIPS UNIT (PPPU)



Background

The City Council's Strategic Plan (as mentioned in Section 1) and the Capital Strategy & Asset Management Plan, which outlines the approach to capital investment over the next five years as part of the Government's Single Capital Pot process, set out the aspirations of the Council to re-shape and continuously improve services to the people of Leeds. Often, the delivery of these aspirations requires significant amounts of capital funding - a resource which is generally in short supply.

In response to this problem the Council set up the PPPU which assists the Corporate Leadership Team (CLT) and client departments to consider, and where appropriate seek, private sector capital for these projects through the Government's Private Finance Initiative (PFI) or other Public Private Partnerships (PPPs).

From its inception in 1999, to deliver a single project, the team has developed, and continued to expand, securing to date some £1 billion of the capital investment (See Section 3). Within the next two years it is anticipated that a target of £1.5 billion of investment will have been achieved through the work of the unit within a ten year programme. This is dependent upon the successful delivery and management of the existing portfolio and the ability to bid for, and procure, future resources, aligned directly to the Council's Vision

and Capital Strategy & Asset Management Plans etc.

Role

The main role of the PPPU is to take the strategic lead on behalf of the Council with regard to such partnership opportunities, and to provide guidance and support to individual departments on projects they wish to promote. To assist in securing best value for the City Council from these opportunities, the role encompasses co-ordinating individual projects, considering cross cutting opportunities, disseminating best practice, and seeking to ensure a consistency of approach across projects.

The Unit advises on the appropriateness, or otherwise, of seeking third party capital for a project. This is endorsed through the Council's Asset Management Group (AMG), and ultimately the Council's Executive Board. The Unit provides guidance and support throughout the life cycle of the project (from inception to service commencement). This involves providing advice on setting realistic timetables and budgets, together with guidance on key financial, legal, project management and technical issues involved in PFI / PPP projects, including specialist risk transfer and payment mechanism considerations as well as the procurement through competitive dialogue and construction of each of the schemes. It also includes ensuring that the Executive Board, AMG, the PPP/PFI Project Co-ordination Board and scheme-specific Project Boards are advised on a regular basis.

The PPPU has been successful in delivering investment into Leeds in areas as varied as education, social housing, leisure, waste and street lights. It regularly achieves commercial and financial close faster than the national average and has been identified as a model of best practice in delivery by the National Audit Office.

PPPU has a strong track record of procuring PFI projects. Since its creation the PPPU has achieved Financial Close with procurement (from issue of OJEU to financial close) on 9 major projects, and consistently achieved financial closure faster than the national average.

Functions

The functions of the Unit are:

- To offer advice, guidance, support, scrutiny and a corporate overview to the Executive Board, CLT and the Council's PPP/PFI Project Co-ordination Board. The Unit assists client departments to secure inward investment often through PFI, to deliver solutions to agreed Council priorities.
- To provide advice, assistance and independent scrutiny to client departments on the methods required for the preparation of initial proposals (Expression of Interest - EOI), feasibility studies (including option appraisal) and the submission of formal business cases to sponsoring Government Departments. The Unit manages the use of external legal, financial and technical advisers through framework contracts to assist in the delivery of the Council's portfolio of projects.
- To ensure that business cases are developed to a high specification to enable HM Treasury's Project

Review Group and the sponsoring Government Department to provide their support to projects of strategic importance to the Council.

- To provide advice, support and independent scrutiny to client departments from project inception through approval of the Outline Business Case (OBC) and procurement through Competitive Dialogue to Financial Close.
- To recruit and manage skilled project managers and project teams for client departments for procurement through to construction and service commencement.
- To actively participate in the development of draft contract terms and to respond to draft legislation and statutory guidance so as to inform Government initiatives regarding the future development of the partnership approach to procurement.
- To co-ordinate and monitor the Council's bids for PFI and PPP resources and to ensure consistency of approach and quality of bids.
- To work in Partnership with the Leeds Local Education Partnership (LEP) for all projects involved in the Building School for the Future (BSF) Programme.

Structure

The Unit is led by Chief Officer David Outram. The staffing structure within the Unit is shown on the chart on page 8.

In 1999 David developed and led a small team to deliver the city's first modern PFI scheme, the Leeds 7 Schools Project. He has since gone on to establish and lead the Council's Public Private Partnerships Unit which

has grown into an extensive and experienced team of 70 people. The team provide a core service in procurement and governance and with the co-operation and support of Members and Client Departments the Unit manages a portfolio of over a dozen PPP/PFI projects in Leeds, with a capital value close to £1.5 billion.

The Unit's costs are recovered through fee-earning for work undertaken on behalf of client departments.

Awards

Leeds is one of the highest performing authorities in the country and was the largest single tier authority to be awarded four stars in the 2005 CPA assessment. The status was reviewed and awarded again in 2007.

In 2006 the Unit won two Public Private Finance Awards; Best Public Sector Project Team and Best Government / Government Agency Team for their "strong leadership, technical expertise and understanding of how private firms operate". Leeds was the only local authority to win two awards.

In March 2006, the Unit contributed to Leeds City Council being awarded Beacon Status for the 'Delivery of Quality Services through Procurement'. The bid was the Council's seventh consecutive success making it one of only two councils to achieve Beacon status in every year that the Beacon scheme has been running. The Unit also contributed to the 2005 award for Asset Management and to Leeds City Council's Investors in People status.

In 2005 PPPU was highly commended for the Primary Schools PFI Project and won a Quality Construction PFI award.

In 2008 the Independent Living Project received a 4Ps Excellence Award for

Customer Services (PPPs which have provided services or facilities which have significantly improved customer service and satisfaction levels).

At the first 'Excellence in BSF Awards' in November 2008 the Leeds BSF programme won two prestigious awards for 'Best Operational LEP' and 'Innovation in ICT'.



For further information about the unit visit: www.leeds.gov.uk/pppu

PPP Unit Structure 2007/08

1 Chief Officer

Project and Technical Management

1 Senior Executive Manager

8 Executive Project Managers 4 Project Managers 8 Project Officers 7 Project Assistants 1 Student Placement	1 Executive Technical Manager 1 Senior Technical Manager 3 Technical Managers 7 Technical Officers
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Commercial Management

1 Senior Executive Manager

1 Executive Finance Manager 3 Executive Accountants 2 Project Accountants 1 Assistant Project Accountant	1 Executive Legal Manager 1 Executive Solicitor 3 Project Solicitors 1 Assistant Project Lawyer
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Governance & Business Management

1 Executive Manager

2 Programme Managers 3 Programme Officers 4 Programme Assistants	2 Programme Managers 1 Business Support Manager 3 Business Support Officers 2 Admin Assistants
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For further information about our current vacancies visit <http://jobs.leeds.gov.uk/Jobs.aspx> (department: public private partnerships unit)

Section 3

CURRENT LEEDS CITY COUNCIL PFI PROJECTS

Current City Council Projects	Current Stage	Capital Investment £m
Cardinal Heenan High School PFI Project	Operational	9
Leeds 7 Schools PFI Project	Operational	38
Leeds Primary Schools PFI Project	Operational	36
Swarcliffe Social Housing PFI Project	Year Four Construction & Operational	113
Leeds Combined Secondary Schools PFI Project	Operational	97
Street Lighting PFI Project	Year Three Construction & Operational	106
Building Schools for the Future Programme	Phase 1 – Construction Phase 2 – Procurement & Construction Phases 3 & 4 – Outline Business Case	277
Independent Living PFI Project	Construction	47
Joint Service Centres Project	Procurement	15
“New Leaf” Leisure Centres PFI Project	Construction	22
Little London Housing and Beeston Hill & Holbeck PFI Project	Procurement	134
Residual Waste PFI Project	Business Case	130
New Leaf, Well Being Centre: Holt Park PFI Project	Expression of Interest	20
TOTAL INVESTMENT		£1,044m

Cardinal Heenan High School PFI Project



The project consists of the rebuilding of the High School together with hard and

soft services (providing all the furniture, maintenance, catering, cleaning, portorage, grounds, health & safety, security, helpdesk and continuous improvement) over the 25-year life of the scheme.

The new school opened in September 2000 providing a new build school for 900 pupils. It was a “Pathfinder” Project in the education sector.

It is a partnership between the Roman Catholic Diocese of Leeds, the School Governors and Leeds City Council with Jarvis FM (private sector partner).

The project was refinanced in 2003 with 50% of the benefit of refinancing paid to the public sector partners in the Project. The school has become a specialist sports centre.

The Unit is currently working with Education Leeds and the contractor to complete the first Benchmark/Market Test Review.

Leeds 7 Schools PFI Project

The project involved the construction of two secondary schools and five primary schools. The project also includes providing all the furniture, maintenance, catering, cleaning, portorage, ground maintenance, health & safety, security, helpdesk and continuous improvement for all schools over the 26 year life of the contract.

This project was signed in October 2001 and is a partnership between Leeds City Council and the private sector partner is now Carillion.

The first Benchmark/Market Test Review has been completed, working with Education Leeds, and has been approved by the Education PFI Project Board.

The schools within this Project are:

- Asquith Primary School
- Hill Top Infants School
- Lawnswood High School
- Oakwood Primary School
- Roundhay High School
- Spring Bank Primary School
- Upper Wortley Primary School

Service commencement for all five primary schools was achieved by September 2002 and for the two secondary schools in August 2003.

This project provides seven new build schools for 4,700 pupils.

Leeds Primary Schools PFI Project

This project has provided ten new build primary schools for over 3,800 pupils in Leeds. The contract for this project was signed in April 2004 and the partnership is between Leeds City Council and QED, a consortium led by Wates plc.

The schools within this Project are:

- Cookridge Primary School
- East Ardsley Primary School
- Horsforth St. Margaret's C of E Primary School
- Kippax Ash Tree Primary School
- Lower Wortley Primary School
- Methley Primary School
- Pudsey Bolton Royd Primary School
- Rawdon Littlemoor Primary School
- Rothwell Primary School
- Yeadon South View Primary School

The phase 1 schools became operational on programme between March and September 2005, with phase 2 and phase 3 following on between August 2005 and January 2006.

Leeds Combined Secondary Schools PFI Project



The project involved the construction of five high schools and one primary school.

The schools are

- Carr Manor Secondary School
- South Leeds High School
- Primrose High School
- Shakespeare Primary School
- Ralph Thoresby High School
- John Smeaton High School

The contract for this project was signed in April 2005. Phase One of the project for the first four schools was completed on schedule in September 2006. The final two schools were completed on schedule in September 2007.

The partnership is between Leeds City Council and the consortium now led by Land Securities Trillium (with Carillion as the construction partner).

This project provides six new schools for over 5,700 children and young people in Leeds.

Street Lighting PFI Project



This project, the largest of its type to date, is to replace and maintain the street lighting across the whole of the Leeds Metropolitan District. 80% of the existing street lighting will be replaced within the first five years of the contract.

The contract was signed in March 2006 and the capital investment programme and service delivery commenced in July 2006 with a 5 year programme.

By March 2009, some 29,500 lighting columns had been replaced with a further estimated 50,500 to be completed across the city by July 2011.

Swarcliffe Social Housing PFI Project

The project is providing housing in the Swarcliffe area of Leeds for the tenants of approximately 1,600 Council dwellings and estate regeneration including remodelling the road network, new play areas and over 400 new homes for sale and rent.

The contract for this project was signed in March 2005. The capital investment and service delivery programme commenced in September 2005.

The partnership is between Leeds City Council and Yorkshire Transformation Limited, a consortium now comprising Carillion and Yorkshire Housing Group.

Major investment is now taking place over the first five-year period though the contractor will provide hard and soft services throughout the life of this 25 year project.

At March 2009 some 1100 houses have been refurbished with approximately a further 455 to be completed by July 2010.

Building Schools for the Future Programme

Leeds City Council was selected as a Wave 1 Authority for the Government's Building Schools for the Future (BSF) Programme. Wave 1 of the Leeds BSF Programme involves the creation of a Local Education Partnership Company (LEP) to take responsibility for the rebuilding and refurbishment of 15 Secondary Schools, procured now in four phases.

The capital value of this investment is valued at close to £300m including ICT investment through a separate strategic partnership with RM.

The Contract was signed with Environments for Learning (E4L), a consortium comprising Interserve, Barclays Private Equity and Mott MacDonald on 3rd April 2007.

Phase 1

Phase 1 of the Project includes six Secondary Schools. The schools are:

- Allerton High School
- Pudsey Grangefield High School
- Rodillian High School
- Cockburn High School
- Temple Moor High School
- Allerton Grange High School

The first 3 schools in Phase 1 became operational in September 2008 with the remaining PFI schools to be operational by September 2009. The two Design and Build schools are scheduled to become operational by 2011.

Phase 2

Phase 2 of the Project comprises of 4 schools.

The schools are:

- Crawshaw High School
- Farnley Park High School
- Priesthorpe High School
- Swallow Hill Community College (formally known as West Leeds High School)

The schools in Phase 2 start to become operational from June 2012.

Phase 3

Phase 3 of the Project comprises three schools:

- Corpus Christi Catholic College
- Mount St Mary's High School
- Parklands Girls High School

The schools in Phase 3 are programmed to be operational by September 2010.

Phase 4

Phase 4 of the Project has only recently been introduced to including Leeds West Academy (formally known as Intake High School) which is programmed to be operational by September 2011.

Independent Living PFI Project



The scheme is jointly supported by the Department of Communities and Local Government (CLG) and the Department of Health (DoH) which seeks to increase the opportunities for adults with learning disabilities or mental health needs to live independently, by moving away from the current hostel based accommodation through the procurement of high quality, purpose built properties on a number of sites across the city.

The contract for the adult services accommodation was signed in June 2008. Development of additional Children's Services accommodation is ongoing. The project will provide a total of 343 adult bed spaces across 75 units of accommodation. There are 39 sites in the project, 1 of which will be a shared site for both adults and children's accommodation.

Full service commencement is programmed by 2011.

TYPICAL ONE BEDROOM FLAT LAYOUT



Joint Service Centres – Phase 1

The centres will provide facilities primarily for face-to-face services, including services provided by the local authority, primary care trust, the police and other partners.

CLG has given initial approval for the development of three Joint Services Centres in Inner Leeds to be procured through the Leeds Local Improvement Finance Trust (LIFT) strategic procurement.

The final scope of the three centres is currently being finalised and Stage 1 of the NHS LIFT procurement has commenced. Full service commencement for the centres in Harehills and Chapeltown is programmed for May 2010 and August 2010 respectively.

Joint Procurement of the Little London and Beeston Hill & Holbeck Housing PFI Project

The Council has OBC approval to support the Council's joint procurement of both the Little London and Beeston Hill & Holbeck projects.

Little London Housing PFI project

The Little London estate is situated within walking distance of the centre of Leeds. The aim of the scheme is to provide good quality housing for approximately 1,047 Council tenants and to support the regeneration of the area.

The project includes refurbishing 922 council homes to a level above the Decency Standard. The project also includes the demolition of two blocks of flats and 40 maisonettes, and the

construction of 125 new Council homes for rent.

The OBC was approved by the Project Review Group (PRG) in November 2006. The project is being procured with the Beeston Hill & Holbeck Housing project and procurement commenced in 2007.

Beeston Hill & Holbeck Housing PFI Project

The Beeston Hill & Holbeck project aims to meet the needs of a mixed community through clearing unsuitable and low demand properties and providing new build, refurbished and converted stock together with environmental improvements.

The aim of the project is to provide good quality housing for approximately 779 Council tenants and to support the regeneration of the area.

The scheme will also involve constructing up to 350 new Council homes for rent and ongoing maintenance during the contract period.

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Together the schemes will provide a minimum of £134m invested in the two areas with beneficial outcomes for both communities.

Residual Waste PFI Project

LCC's Waste strategy includes targets for achieving recycling levels in excess of 50% of household waste by 2020. However, achievement of this target will still leave an estimated 180,000 tonnes of non-recycled (or residual) waste for processing.

With agreement on the need to reduce landfill, there is a requirement for the development of a treatment technology solution. The Executive Board has

agreed an Integrated Waste Strategy for Leeds which sets out to reduce waste generation, reuse waste, increase recycling, recover value from non-recycled waste and significantly reduce the amount of waste going to landfill, with an aspiration to send zero waste to landfill. The Council has approved the OBC and secured £130m of funding towards the Project which has no preferred technological solution. Contract close is anticipated in April 2011 with full service commencement programmed for April 2014.

“New Leaf “Leisure Centres PFI Project



The Department of Culture Media and Sport (DCMS) and PRG have approved the Council’s OBC for the rebuilding of 2 Leisure Centres in Leeds (Morley and Armley).

The New Leaf Project will upgrade and replace 2 leisure centres with fit for purpose modern facilities for the 21st century.

The Leeds Vision for the New Leaf Leisure Centres (NLLC) PFI project is pivotal in delivering the Council’s aspirations to link health, learning, sport and active recreation in modern, accessible and flexible buildings. The work is planned to commence on site shortly with the centres operational by April and June 2010.

This project was procured through the Leeds LEP.

Well Being Centre: Holt Park PFI Project

This proposal involves the construction of a Well Being Centre combining Adult Social Care, leisure facilities, community space and health facilities to replace the Holt Park leisure and Health Centres.

Following submission of an Expression of Interest (EOI) by the Council and the Leeds Primary Care Trust (PCT), the Department of Health (DH) have confirmed an allocation in principle of £32m of PFI credits for the centre. The Outline business Case is currently being prepared for submission to the DH in Autumn 2009.

Lifetime Neighbourhoods for Leeds – Round 6

This proposal involves the provision of 1,110 new high quality homes and services for older people.

Following submission of its Expression of Interest the Council has been invited to submit an Outline Business Case detailing its proposals, which will be submitted in July 2009.

References

1. Vision for Leeds 2004 to 2020 – the Leeds Initiative
2. Leeds Strategic Plan 2008 - 2011
3. Leeds Council Business Plan 2008 – 2011
4. www.leeds.gov.uk

For further information please visit our website: www.leeds.gov.uk/pppu
call 0113 214 3930 or email: pppu@leeds.gov.uk