

**CHILDREN'S SOCIAL SERVICES
LOCAL AUTHORITY CIRCULAR (2005)16**

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

18 November 2005

CHILDREN'S SERVICES: PRIVATE FINANCE INITIATIVE

SUMMARY

1. This letter invites Expressions of Interest from local authorities that may be interested in bidding for Private Finance Initiative (PFI) credits for children's services.

ACTION

2. Authorities that may be interested in submitting a formal bid for PFI credits for children's services in 2006 should complete and return the short Expression of Interest at Annex A by 20 January 2006.

BACKGROUND

3. As you will be aware, the Machinery of Government change in 2003 saw responsibility for Children's Social Services transfer from the Department of Health (DH) to the Department for Education and Skills (DfES). As part of this change, £60 million of PFI credits have been transferred from DH to DfES for the 3-year period 2005-06 to 2007-08 (£20m per year). These credits are intended to support PFI projects that promote and advance the Every Child Matters agenda: that every child from birth to 19, whatever their background or their circumstances, has the support they need to:

- Be healthy
- Stay safe
- Enjoy and achieve
- Make a positive contribution
- Achieve economical well-being

4. It is our intention to only seek bids of between £1 million and £5 million from local authorities that wish to extend existing or planned PFI projects in a manner that promotes the Every Child Matters agenda. This is because Treasury guidance stipulates that stand-alone projects of less than £20 million are unlikely to provide value for money and we wish to assist

as many authorities as we can with the £60 million available.

5. Examples of projects that could be considered to promote the Every Child Matters agenda include:

- adding a children's centre or extended schools facility to an existing or planned PFI project
- adding a centre catering for disabled children to an existing or planned PFI project
- enhancing a relevant building to include facilities for disabled children or a pupil referral unit
- building a children's home

(This list is not exhaustive and is meant to be helpful rather than prescriptive)

6. Because we have no way of predicting with any degree of certainty the level of demand on PFI credits for children's services, we have decided to invite Expressions of Interest from authorities. This will allow us to gauge both the likely demand over the three years to 2007-08 and the types of projects that authorities want to undertake before - subject to demand - setting the final criteria and inviting formal bids. It is hoped that this approach will also prevent authorities putting a lot of resource into formal bids that are unlikely to be successful.

7. This letter, therefore, invites authorities that may be interested in submitting a formal bid in 2006 to complete and return the short Expression of Interest proforma at Annex A. When the Department has received all Expressions of Interest, we will take a final view about whether and how any formal bidding round will proceed. In particular, we will need to be satisfied that allocation of PFI credits to projects will be value for money and meet Treasury guidance on PFI.

8. All Expressions of Interest relating to projects that will benefit children and young people are welcome, subject to the terms set out in paragraph 4.

9. Completed Expressions of Interest must not exceed two pages and should be emailed to Paul.O'Connor@dfes.gsi.gov.uk by **20 January 2006**.

ENQUIRIES

10. All enquiries about this circular should be directed to Paul O'Connor at the above email address or by phone on 020 7925 5696.

Children's Services PFI Credits**Expression of Interest**

Authority:	
Named Contact:	
Job Title:	
Contact Details:	

Description of Proposed Project (please include brief details of what you intend to achieve from the project and which existing or planned PFI project this will enhance)

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Estimated Start Date of Proposed Project		Estimated End Date of Proposed Project	
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At Which Stage Is The Existing PFI Project You Wish To Enhance?

(I.E Pre-Procurement, In Procurement, Signed but Under Construction, Fully Operational)

Estimated Capital Cost	£
(we will calculate the PFI requirement from this)	
Estimated Annual Budget to Cover Non Capital Costs	£
(Lifecycle and Maintenance Costs)	

Please Explain Why You Feel That PFI Is A Sensible Procurement Route For The Proposed Project

Please Outline How You Expect To Achieve Value For Money For The Proposed Project. Please say in particular whether you anticipate any vfm or contractual issues around adding PFI credits into your existing project (depending on whether you are in procurement or contracts are signed, and if signed, whether building work is completed or not).

Completed Expressions of Interest MUST NOT exceed 2 sides of A4 and should be emailed to Paul.O'Connor@dfes.gsi.gov.uk