



Response to Request for Information

Reference FOI 001158
Date 19 May 2017

Private Finance Initiative (PFI) - Projects

Request:

Which companies have advised your local authority on each of its PFI projects and contracts from inception, through procurement, during construction and operation on issues relating to structural, legal, financial, governance, audit and performance review. Please provide that information by each PFI scheme, providing the HMT unique reference number.

Please provide documentation demonstrating how your local **authority selected the advisers referred to above**? Please provide any internal or external process documents (e.g. from HM Treasury/ Partnerships UK) in relation to the selection, a copy of invitations to tender and tender documents.

Please provide documents demonstrating how your local authority, as part of that selection, ensured that the auditors and lawyers, accountants and business consultants referred to above were not conflicted in any way with any of the organisations involved previously or currently with your PFI project(s). This could include documents, statements and correspondence between the local authority and its auditors relating to any conflict of interest or potential conflict of interest.

Please confirm who you have appointed as external auditors for the year 2015/16 and provide all policies/protocols or any other documentation which demonstrate how you ensure that there is no ongoing conflict of interest in relation to these auditors.

In response to your request we can confirm the following:

There are 3 PFI Contracts:

- 1 Leisure PFI. This closed in 2005 and the legal advisors were Devonshires.
- 2 Highfields/ Pennfields PFI. This closed in April 2010. Trowers and Hamlin LLP provided legal advice.
- 3 Heath Park/Deansfield PFI. This closed in January 2014. Trowers and Hamlin LLP provided legal advice.

(The part of the question relating to conflict is not relevant to the legal advice. The external firms would not be able to act where there is a conflict and the Council is not under a duty to ensure that its legal advisors do not have a conflict).

The BSF PFI contracts advisors were:

Ernst & Young provided financial advice – procurement bidding

Jacobs provided Design and Technical Advice – Strategic Partner with Council

PfS (Partnerships for Schools) - joint venture company that was set up to deliver the (BSF) programme. Paper

Partnerships UK (PUK)

The Council's Design and Technical Advisors maintained expectations through the dialogue process, supported the PFI Schools, and challenged the Preferred Bidder to deliver exceptional designs. The role of the Technical Advisors adopted a multidiscipline consultancy approach. This allowed support and challenge to be extended into building services, interiors and furniture, BREEAM, etc. The Council's Technical Advisors reviewed the construction scope, costs and programme and were satisfied that the proposals were deliverable and appropriately priced.

Governance - Under the LEP model, ownership and responsibility for all aspects of local education provision remained with the Council. The agreement with the Preferred Bidder required the Council to appoint a representative to the Board of the LEP Company and the role of the Council LEP Director was set out in detailed commercial guidance provided by Partnerships for Schools. The guidance suggested that a Council had a senior officer with an understanding of the complex commercial/financial structures and a good understanding of the fiduciary and legal duties owed to the company. It is also important to note that the Council, although a minority shareholder, had a veto over a number of essential LEP functions, which serve to protect the Council's interests.

An external Gateway Review of the Programme in February 2010 concluded:

“The review team finds that the programme is very well managed, with buy-in at the highest level, cross-party support and support from all stakeholders. It is progressing in line with anticipated timescales, with preferred bidder stage having been reached ahead of programme and financial close is likely to be achieved in spring 2010. The main outstanding issues are not in any way significant and will not prevent the programme from progressing well.”

Considerable amounts of work have been done by the project team and key stakeholders to prepare for the next stage of the BSF programme. All the recommendations from the Gate 1 review have been addressed with good progress on communications. There is a good deal of best practice and innovative work in Wolverhampton and the whole team is to be commended.”

[NOT PROTECTIVELY MARKED]

With regards to the appointment of external auditors - at the moment the Council does not appoint its own external auditors – instead they are appointed Public Sector Audit Appointments Limited (PSAA) – an independent company limited by guarantee incorporated by the Local Government Association. The Secretary of State for Communities and Local Government delegated statutory functions from the Audit Commission Act 1998 to PSAA on a transitional basis by way of a letter of delegation issued under powers contained in the Local Audit and Accountability Act 2014. Under these arrangements the company is responsible for appointing auditors to local government and for setting audit fees. As part of this arrangement Grant Thornton were appointed as the Council's external auditors under a national framework.