



Vernon Coaker MP

Minister of State for Schools and Learners

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Dear Michael,

PARTNERSHIPS FOR SCHOOLS – REMIT LETTER 2009-10

I am writing about Partnerships for Schools' ('Pfs') continuing remit and my priorities for 2009-10.

First, I should like to express my appreciation for the continuing progress Pfs is making on delivery of Building Schools for the Future (BSF), together with your wider role which now also encompasses the delivery of future academy buildings. Whilst I think it is important to recognise what is already being achieved there is still, of course, much to do in taking forward these two programmes and achieving the transformational impact on the ground that we all want to see. We also appreciate your work with us in developing Pfs' current remit and extending the work Pfs delivers on behalf of the Department. This work will, of course, continue over the coming year and I will write again, as necessary, as indicated below.

As part of the process of developing the Pfs role in terms of capital programme delivery, the joint venture between the Department and Partnerships UK will cease with effect from from 1 April 2009 and Pfs will be 100% funded by DCSF. However, we anticipate introducing alternative governance arrangements, under a different contracting structure, which will allow for the continued active involvement of Partnerships UK. This will ensure that the existing knowledge and operating culture which are integral to Pfs remain unchanged in 2009-10, and that Pfs can continue to employ talented professionals from both the private and public sectors in order to promote delivery. There are no plans to change Pfs' current status as a company limited by shares. The content of this letter is set against that background.



department for
children, schools and families

Framework, aims and aspirations

As you know, the aim of BSF, which PfS delivers on behalf of the Department, is to rebuild and renew every secondary school over the lifetime of the programme, so that our schools will undergo transformational change making them fit for the challenges of the 21st Century. We expect that by 2020 every local authority will be engaged in BSF, with contracts to renew the last schools in place. Our aspiration should be to create a step-change in the quality of school provision, with investment-driven innovation and reform in the organisation of schooling, teaching and learning, and in the procurement of school buildings. We want every secondary pupil to benefit from this step-change over the lifetime of the programme. PfS is key to delivering that step-change, both locally and nationally, within the overall policy context set by the Department.

In pursuit of this aim PfS is also taking a leading role not only in the delivery of academy buildings through the BSF programme, but also through the national framework. It is, therefore, important that PfS ensures its delivery capability to support the roll out towards our target of 400 Academies.

We will want to continue work with you over the coming year, taking account of the findings and recommendations of reviews that have been carried out, to explore how best we can secure the ultimate aims of the BSF and academies programmes in the light of the changing context of the delivery chain and of the development of Government policy. We will expect PfS to respond appropriately to the current economic downturn and, in particular, the difficulties of projects in securing bank finance for PFI projects. This includes proposing options for resolving affordability issues, and responding appropriately to the Government's initiatives to minimise the impact of the downturn.

As you know, the Government is committed to growing opportunities for apprenticeship places, and expects its non-departmental public bodies to assist with that aim, wherever possible, both within the body itself and in its dealings with others. I will look to you to employ apprentices within your own organisation, as is practicable, to be agreed in discussion with the Department. Alongside this, the Department will look to PfS to ensure that BSF contractors have in place a formal training plan for their project workforce that maximises access to apprenticeships, work-based learning and other training opportunities, and to monitor this.

We are currently in the process of agreeing with you how to transfer a range of delivery responsibilities associated with BSF and our other capital programmes through the Capital Investment Change Programme. When sufficient detail relating to this transfer of work has been agreed, I will write a supplementary letter to cover this expanded remit.

I have included the legislative and Ministerial framework and the Financial Accounting arrangements for reference in Annexes A and B.

Business planning, PSA delivery agreements and Children's Plan

How you propose to take forward this remit is set out in more detail in your business plan 2009-10, which is currently in draft form but with which I am generally content. This sets out the business of the organisation over the coming year and how it should develop over the subsequent two years. As part of the business planning process it is for the Department to agree with you key performance targets for 2009-10, together with the identified risks to be managed, and PfS will set out in its Annual Report performance against those targets.

As you know, the Department, together with PfS and other key stakeholders, has developed a number of PSA targets which together we are responsible for meeting. These refer to the development of agreed local BSF "strategies for change" which provide for BSF schools, and Academies, contributing to improving standards, reducing excess surplus places, increasing diversity of provision, delivering 14-19 learning, promoting healthy school status, including children with SEN and disabilities, providing extended school facilities, and also ensuring a safe physical environment for young people.

The *Children's Plan* sets out our ambitions for what we can and should achieve for our children and young people in terms of their educational attainment and wider wellbeing. I expect PfS to deliver its remit in line with the *Children's Plan* and to respond to policy developments as they arise. Schools, children's services, the voluntary sector and government will need to work together to make sure that every child has the best start in life, we can unlock the talents of all our young people and we ensure no child or young person is left to fall behind. The recently published *Children's Plan One Year On* sets out the progress that has been made in working towards these aims, demonstrating examples of good practice, and highlighting the work that still needs to be done. We need system-wide reforms to the way services for children and young people work together. As one of our delivery partners, you are amongst our most powerful levers to making this vision a reality. My remit to you is set solidly in the context that I am looking to you to work with this Department and other partners, including other government departments, local authorities and government regional offices, where appropriate, to share and overcome the challenges of delivery. The public rightly have higher expectations than ever. They must be assured that we are organised so that the system will deliver the promises made in the *Children's Plan* and is capable of meeting new challenges as it evolves.

I should also take this opportunity to set out our expectations regarding efficiency and reducing burdens, and sustainable development:

- I expect PfS to continue to play a vital role in delivering efficiency and value for money in ways that both reduce burden and re-direct resource to the frontline. This includes an expectation that, if you propose collecting any new data from schools or local authorities which is currently outside of the scope of your current activities with these parties, and which could therefore constitute a new burden, that you will follow the Department's Star Chamber process to support us in reducing data collection burdens on schools and local authorities;

- I expect PfS to prepare a Sustainable Development Action Plan (SDAP), to be in place early in the financial year 2009-10, and to identify in this plan how it is pursuing the three aims of the DCSF SDAP *Brighter Futures - Greener Lives*, through the programmes of investment it manages, and how it is otherwise signalling the importance of sustainable development to its key partners and stakeholders through the guidance and contracts it provides.

Main activities and priorities

The main activities that you should pay particular regard to are:

- supporting and challenging local authorities currently in BSF, and their partners, in the development of local strategies for change, in the recording and monitoring of the desired educational benefits to bring about transformational change, and in the realisation of those benefits;
- promoting the vision for, and supporting the delivery of, 21st century schools (as set out in the *Children's Plan One Year On* and in the forthcoming white paper), and in particular through the co-location of services. Specifically, with regards to the new cross government co-location fund, we will look to PfS to play a leading role in the administration of the fund and to enable reporting to the cross-government steering group. We are currently in the process of agreeing with you the detail of the PfS role in relation to the delivery of the fund;
- working to continually improve school designs, including responding to developing government priorities and strategies, such as personalised learning, co-location of children's services, and the government's sustainable development agenda, including the requirement to reduce carbon emissions and the ultimate ambition of zero carbon;
- acting as a procurement and support organisation, managing and supporting the roll out of the programme of procurements described in the business plan and the establishment of local education partnerships, and working with others across government to increase the general procurement, project and programme management skills across the sector;
- promoting effective local education partnerships and operational school deals through joint work and co-operation with BSF Investments LLP;
- ensuring that all deals have arrangements in place for the effective operation and management of the contracts before approval of their final business case, and keeping in close contact with local authorities to help them manage the on-going contractual arrangements;
- improving schools' satisfaction with ICT managed services procured under local education partnerships;
- improving value for money, and driving efficiencies through the procurement processes, including a reduction in the costs of establishing local education partnerships, and through the collection and sharing of benchmarking data with local authorities. You will need to capture and report on value for money savings in order to demonstrate improvements;

- managing existing and new projects at agreed overall budget and individual project level to ensure that investment supports the educational vision of each authority;
- supporting the procurement of new academies projects, either as part of a BSF project through a local education partnership, or through a national framework, as part of the Government's aim to have 400 opened;
- continuing to provide advice and support to the Department, as required, on the review of how the second half of the BSF programme is delivered, implementing the agreed outcomes of that review and the subsequent roll-out; and
- pursuing the aims and objectives set out in the agreed business plan through joint work and contractual relationships with other bodies, such as the Learning and Skills Council, the National College for School Leadership, the Commission for Architecture and the Built Environment and 4Ps, amongst others, in order to achieve successful outcomes. In addition, PfS will work with Becta to ensure that investment in technology in capital programmes is truly able to deliver transformed learning.

The amount of grant-in-aid to be paid to PfS in any financial year will be decided by Ministers having regard to the PfS remit, the agreed business plan, and the Department's Spending Review settlement. PfS should keep within agreed budgets while delivering value for money in its operations. It must also apply appropriate financial procedures, including those set out in Government Accounting and developments such as Resource Accounting and Budgeting (RAB), and the Treasury Resource Accounting Manual (TRAM).

Resources

PfS has a vital role to play in helping the Department meet the public commitment to reduce administrative costs in its non-departmental public bodies by at least 5 per cent year-on-year in real terms by 2010-11. Administrative costs are defined as pay and non-pay administrative budgets (i.e. the PfS running costs budget). This would ordinarily be measured against the CSR07 baseline year (2007-08). However, because of the joint venture funding arrangement and its cessation from 2009-10, it has been agreed that efficiencies will be measured against your 2009-10 budget (on a like for like basis).

For PfS, we have agreed the following:

- an administrative costs baseline of £20,000,000 for 2009-10 (excluding depreciation/cost of capital);
- for 2010-11 our current expectation is that the baseline will be uprated by 2.7% and subject to a 5% efficiency saving. This would give an uprated budget of £20,540,000 (excluding depreciation/cost of capital), a 5% efficiency saving of £1,027,000 and 2010-11 budget of £19,513,000. Where additional sustainable remits are agreed that impact on pay and non-pay costs, these amounts will also be subject to a 5% efficiency target. Clearly these parameters are subject to change in future as a result of the prevailing economic situation and the Government's response.

In any case we look to you to ensure that there is a robust mechanism to review costs year on year, with a view to achieving even greater efficiencies, and that there are effective systems in place to monitor expenditure. The agreed budget may also be subject to review in the light of decisions taken during the year, for example in relation to how the second half of the BSF programme is delivered and the additional work resulting from the Capital Investment Change Programme.

Conclusion

We thank you again for your work to date and look forward to finalising during the year the additional work PfS will undertake on behalf of the Department relating to delivery of our capital strategy. I will confirm any changes to the PfS remit in a supplementary letter, and will in any case review the remit on an annual basis.

This letter is being placed in the libraries of both Houses of Parliament and it will be publicly available if requested.

Yours ever,

Vernon

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Legislative and Ministerial Framework

1. PfS is a private limited company incorporated under the *Companies Act 1985*. The shares in the Company are owned by the Secretary of State for Children, Schools and Families.

2. The Company was designated as an executive non-departmental public body (NDPB) from 1st April 2004. As an NDPB the Company must adhere to public sector standards of Government Accounting in all its operations and activities. It should also comply with the requirements of the Companies Acts and meet the requirements of good governance.

3. The role of the Secretary of State as shareholder is to:
 - determine policy for the BSF programme, establish and maintain the legislative framework and define the Company's role;
 - set the Company's prime functions, its prime strategic focus, business objectives and specific operational targets, within this framework;
 - provide grant-in-aid to enable the Company to operate effectively and efficiently; and
 - report to Parliament and to Government on the general role and overall operation of the Company.

Permanent Secretary

1. The Permanent Secretary of the Department for Children, Schools and Families (“the Department”), as Accounting Officer for the Estimate from which the funds are paid to the Company, is accountable to the UK Parliament for the resources that it makes available to the Company. The Permanent Secretary’s responsibilities are:

- to appoint the Accounting Officer of the Company;
- to ensure that the conditions attaching to the funding of the Company conform with the terms of its Estimate;
- to monitor compliance with those conditions by the Company; and
- to satisfy himself that the financial framework and other management controls applied by the Department are appropriate and sufficient to safeguard public funds, and more generally, that those being applied by the Company conform to the requirements both of propriety and of good financial management.

Department for Children, Schools and Families

2. In general, officials of the Department will act on behalf of the Secretary of State for Children, Schools and Families and other Ministers in assisting them to carry out their responsibilities. Officials of the Department also have the prime responsibility for ensuring that the Company receives appropriate levels of funding and is properly accountable for its activities, and for monitoring its performance against the strategic focus, prime functions, business objectives and specific targets set out in the remit letter and elsewhere.

3. It should be noted that the sponsor team within the Department acts as both the first port of call and as the single point of response for PfS. This ensures that the sponsor team is aware of all of the issues that face PfS to inform their sponsorship and policy making decisions, and to ensure that the numerous lines of

communication do not lead to inconsistency of advice, duplication of effort, confusion, and an undermining of policy objectives. Thus, your co-operation is required in observing the following protocols in order to assist with fulfilling my responsibilities as Principal Accounting Officer:

- ensuring all communications with the external press on matters in relation to PfS should be cleared with the Department's Press Office, where this includes matters of Government policy (rather than implementation of existing policy);
- all discussions in relation to NDPB governance should only be discussed with the DCSF sponsor team;
- all communications at operational/programme delivery level for PfS where Department policy is agreed, such as Private Public Partnership project issues, may be undertaken with Treasury, Office of Government Commerce and other Government departments, keeping the sponsor team advised;
- all communications in relation to future policy and funding and any matters that are likely to impact on the wider government agenda should be discussed first with the sponsor team to determine whether contact with other parties is appropriate.

Officials will also communicate the wishes of Ministers to the Company clearly and in good time particularly where significant changes in operational requirements are involved.

HM Treasury

4. The consent of the Treasury is required to the terms of the Company's Financial Memorandum, which sets out conditions for grant-in-aid. Treasury approval will be sought by the Department on the Company's accounts direction, the Government quinquennial financial management and policy review, and on other issues as required by Government Accounting. Such issues would include, among others, contingent liabilities, write-offs above delegated limits, special payments as defined in Government Accounting and proposed changes to staff remuneration.