

18 September 2009

Dear Section 151 Officer

Section 151 Officer support letters for BSF projects

Section 151 Officer support letters for Building Schools for the Future projects have sometimes been the subject of debate between local authorities and Partnerships for Schools. PfS and CIPFA have therefore met, along with representatives of the Society of Municipal Treasurers and the Society of County Treasurers, to agree the principles that should be covered in such a letter of support. The principles we have agreed are set out in the attachment to this letter; you will notice that no template Section 151 letter is provided with this guidance because each BSF project has its own unique characteristics.

We hope that this guidance will provide reassurance to S151 officers when they are asked for input to the BSF programme of their authorities.

Partnerships for Schools**CIPFA**

The Principles of a BSF Section 151 Officer Letter at OBC Stage

The aim of the Section 151 Officer letter is to demonstrate:

- local authority ownership and understanding of the contents of the OBC;
- confidence in the affordability of the proposed project;
- proof of the value for money offered by the proposed procurement routes; and
- deliverability of the proposed project.

The signed letter need not be lengthy, but must be written without caveat or condition and capture the following elements:

1. Ownership of the assumptions underpinning the affordability and value for money calculations in the OBC;
2. A clear description, supported by a table or tables showing the costs of individual elements of the project (PFI Construction, FM, Life-Cycle, D&B Construction, ICT capital and revenue, Other);
3. A clear description of at the funding streams, supported by a table or tables that will show how these meet the identified costs;
4. Clear identification of all currently identified affordability gaps within each area of the project in the base case, and an indication as to how these will be met;
5. Confirmation that the local authority is completely committed to delivering the transformational vision set out in the OBC and will make every endeavour to bridge any affordability gap;
6. Confirmation that the sharing of any capital receipts has been agreed with Pfs;
7. Confirmation that the local authority will return any unspent BSF funding within 12 months of completion of the project; and
8. Confirmation that Cabinet / Executive has approved the OBC and is aware of the commitments being entered into including the level of any affordability gap that may arise. The date of the relevant cabinet meeting should be referenced.

No template Section 151 letter is provided with this guidance because each project has different characteristics and the Section151 letter may need to cover issues unique to that local authority or in more detail than is required in some other projects. The first draft of the Section 151 letter should adhere to these guidelines and should be submitted to Pfs with the OBC for review before signing. A signed letter will be requested once any alterations have been agreed with Pfs, prior to approval of the OBC.