

18 June 2018**Agenda Item: 8****REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES****NOTTINGHAMSHIRE COUNTY COUNCIL PFI SCHOOLS MANAGEMENT
CONTRACTS****Purpose of the Report**

1. To update the Committee of the current status of the Council's Private Finance Initiative (PFI) Contracts for Schools and allow members to consider whether there are any actions they require in relation to the issues contained within the report.

Information**Nottinghamshire PFI Schools Contracts**

2. The two PFI Schools Contracts in Nottinghamshire are to provide schools and leisure centres (on behalf of the relevant Borough and District Councils) in East Leake and Bassetlaw and were signed in 2002 and 2005 respectively. Both contracts have a 25 year concession.
3. A full report on these contracts was presented to this Committee on 20 November 2017, with a further update on the East Leake schools and the issues associated with Carillion considered on 26 February 2018.
4. This report is an update to Committee on the live issues which were identified by members in considering those earlier reports.

East Leake Schools and Carillion

5. Infrastructure Managers Limited (IML), who operate the East Leake Schools contract, have recently appointed Mitie to replace Carillion AMBS Limited, who had continued to trade under the control of PriceWaterhouseCoopers (PwC) since the parent company went into administration earlier in the year. The local staff employed by Carillion AMBS on the East Leake project transferred to Mitie with effect from 4th June 2018.
6. Members will recall that the County Council also provided catering, cleaning and landscape services to Carillion AMBS limited on a subcontract basis. Those arrangements are continuing in the Mitie contract, and colleagues in the catering and facilities management service are in the process of agreeing the details of those subcontract arrangements with Mitie.

7. Under these new arrangements there will continue to be tight control over the process of obtaining orders, issuing invoices on time, and ensuring they are paid in line with contractual terms. Additionally debt recovery and the relevant service managers will take appropriate and proportionate action in the event of any issues, including as an ultimate sanction, stopping providing the service.

Bassetlaw Schools Roof Repairs

8. Historic issues regarding the construction of roofs in Bassetlaw are now reaching a conclusion. Agreement has been reached between the PFI provider, Transform Schools Limited, and the construction joint venture on responsibilities and liabilities for the cost of repairs, and the majority of the necessary works have now been commenced or are being scheduled for the coming summer break.

Schools PFI Contract Review

9. NCC have commissioned a review of both Schools PFI Contracts through Local Partnerships to identify improvements and savings across the contracts, which is due to be complete later in the summer.
10. This review will also specifically seek to identify options for improving the viability of the Retford Post 16 Centre where falling student numbers are having a significant impact on the financial sustainability of the site for the educational partners. Any recommendations from the review will be presented to Committee in due course.
11. Negotiations also continue with the Retford Post 16 partners in advance of any outcomes from the review, to optimise the opportunities available to students in Retford, whilst ensuring the site is effectively managed. Any changes proposed to the management arrangements will be reported to the appropriate Committee in due course.

Other Options Considered

12. None at this stage although in considering this report Members will identify whether there are any actions they require in relation to the issues contained.

Reason/s for Recommendation/s

13. Members of the Committee will no doubt appreciate the high value and complex nature of the PFI Schools Management Contracts, and in considering this report, will identify whether there are any actions they require in relation to the issues contained.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

15. The PFI Schools Management contracts represent a significant financial commitment for the County Council and continues to offer a value for money mechanism for delivering the

relevant services. The PFI Financial model is updated annually to accommodate changes, current forecasts are that the predicted costs will be contained within the PFI Reserve and annual revenue budget.

Legal Implications

16. PFI contracts are complex contractual arrangements for the delivery and long term management of high value projects and as such are subject to significant scrutiny and oversight by the County Council, HMT, and sponsoring Government departments. Contracts have to be managed, and where appropriate varied, within tight guidelines and best practice standards, and therefore both schools' contracts have been suitably supported by both internal and external legal advice.

Implications for Service Users

17. Ensuring sufficient school places to meet the identified need remains an obligation of the County Council, and the East Leake and Bassetlaw PFI Schools projects help the authority meet these requirements either directly or through a cost effective delivery partnership with a range of facility providers and academy trusts.

18. The school facilities provided offer the students the best possible opportunities to learn in high quality, safe and sustainable environments.

19. The contracts continue to provide a value for money solution to meet the requirements of the residents of Nottinghamshire.

Implications for Sustainability and the Environment

20. The PFI School's Contract has delivered significant investment into the schools in order to help decrease waste, improve utilities performance and increase the use of renewable energies.

RECOMMENDATION

- 1) That Members consider whether there are any actions they require in relation to the issues contained within the report.

Derek Higton
Service Director, Place and Communities

For any enquiries about this report please contact: Mick Allen, Group Manager, Place Commissioning, Tel: 0115 977 4684

Constitutional Comments [SLB 31/05/2018]

21. Finance and Major Contracts Committee is the appropriate body to consider the content of this report. If Committee resolves that any actions are required it must be satisfied that such actions are within the Committee's term of reference.

Financial Comments [RWK 30/05/2018]

22. There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Reports to Finance and Major Contracts Committee:
20 November 2017 - Nottinghamshire County Council PFI Schools Management Contracts
26 February 2018 – East Leake PFI Contract Update

Electoral Division(s) and Member(s) Affected

- All