

COMMITTEE: LIFELONG LEARNING AND SOCIAL INCLUSION
SCRUTINY

DATE: 30th JANUARY 2003

SUBJECT: PFI UPDATE

REPORT BY: CORPORATE DIRECTOR, LIFELONG LEARNING

CONTACT OFFICER: ROGER LUCAS

IMPLICATIONS:

LEGAL	COMMUNITY SAFETY ✓
EQUALITIES ✓	ENVIRONMENT
FINANCIAL ✓	CONSULTATIONS ✓
STAFFING	OTHER

**WARDS AFFECTED: ICKNIELD, PUTTERIDGE, STOPSLEY, SOUTH, SUNDON
PARK**

PURPOSE

1. To update LL&SI Scrutiny Committee on the progress of the PFI Expression of Interest and the Outline Business Case

RECOMMENDATION(S)

2. **Scrutiny is recommended to note the contents of this report**

BACKGROUND

3. Previous reports to the Executive on 7th January, 8th July and 21st October 2002 have dealt with matters such as the capital investment backlog, principles, consultation with schools, AMP priorities, identification of schools and external support.
4. Guidance received from the DfES in October 2002 requested that expressions of interest be submitted no later than 3rd January 2003 with regard to PFI projects for signature in 2004-05. The Expression of Interest was endorsed by the Executive at its meeting on 16th December 2002 and this seeks the support of the DfES to refurbish/extend one school and rebuild four others. Fifty-three bids were

received by the DfES and the outcome will be known by the end of March 2003. In 2002 DfES funding was oversubscribed threefold.

5. In relation to Stopsley Community Primary School, the Council is required to submit an outline business case (OBC) to the DfES and project review group (PRG) which demonstrates the robustness, financial viability and value for money offered by the scheme. This is likely to be ready towards the end of February 2003 for approval by the Executive in March 2003 prior to forwarding to the DfES.

REPORT

6. The Expression of Interest is attached as Appendix A to this report. This is seeking DfES PFI credits of £48.55M to support the redevelopment of five schools.

EQUALITIES IMPLICATIONS

7. All children, irrespective of their place of residence, are entitled to attend schools that are well maintained, provide an environment that is conducive to teaching and learning and allows them to access specialist accommodation and facilities appropriate to their age and needs.

FINANCIAL IMPLICATIONS

8. Monthly revenue payments for PFI schemes, which make up the unitary charge, include three elements as follows:-
 - capital (met by PFI credits from the DfES),
 - lifecycle costs (met by an additional revenue contribution from the Council although this can be reduced by a cash contribution to the preferred bidder through sale of land and third party income), and
 - service costs (met by a contribution from the school or schools budget(s) and other service providers).
9. Payments start once the asset becomes operational. For the Stopsley Community Primary School project, this is likely to be no earlier than September 2005 and for all other projects September 2006. Thus, there will be a part-year impact in 2005/06 and a full-year impact in 2006/07 for the Stopsley project and a part year impact in 2006/07 and full-year impact in 2007/08 for the remaining projects. The Finance Manager for Lifelong Learning has seen and cleared this report 15th January 2003.

COMMUNITY SAFETY IMPLICATIONS

10. The policy of the Council is to encourage all parents to send their children to the local school. It is therefore important that all schools are maintained and equipped to a comparable standard so that such factors do not influence parents' preferences. This will result in fewer children attending schools outside of their catchment area, thus minimising the need for longer journeys to be made to and from school.

CONSULTATIONS

11. Members Steering Group - This Group includes The Leader of the Council plus Portfolio holders for Resources and Assets, Regeneration, Citizenship and Quality of Life and Lifelong Learning.
12. Ward Councillors - all councillors in the five wards have been consulted on and have endorsed the PFI approach. Letters of support signed by the relevant ward councillors have/will be attached as appendices to the submissions.
13. Schools included in the relevant bids have been:-
 - consulted on the content and accuracy of the information contained therein,
 - provided with an opportunity to discuss the principle of PFI and the implications of such an initiative on governors responsibilities, management responsibilities and service delivery, and
 - all school governing bodies have submitted documents demonstrating that each is committed and fully endorses the approach being taken and these will/have been attached as appendices to the submissions.

APPENDIX

14. The following Appendix is attached to this report:-
Appendix A - Copy of PFI Expression of Interest submitted to the DfES

LIST OF BACKGROUND PAPERS

LOCAL GOVERNMENT ACT 1972, SECTION 100D

15. 'Guidance for applications for PFI credit support for projects aiming to sign in the Financial Year 2004-2005' was published by the DfES in October 2002. Retained by Roger Lucas at Lifelong Learning Department, Unity House, 111 Stuart Street, Luton, LU1 5NP