



West Northamptonshire Schools Forum: 18 October 2023
Agenda Item 9
Northampton schools group PFI update

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Appendix A: Assumed school charges 2024/25

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1. Introduction

1.1 The Council operates a large group PFI, covering 42 schools in Northampton. The costs of the PA are met partly by 'PFI credits', partly by WNC, and partly by the schools. This report sets out issues relating to the contract, including the projected facilities maintenance costs and outcome of the most recent customer satisfaction survey.

2. PFI contract and the schools

2.1 The PFI contract was entered into by the then Northamptonshire County Council and commenced 31st December 2005. It has been inherited by West Northamptonshire Council. It was used as a means of delivering the additional schools places needed across Northampton at that time. It has also been varied to construct what is now Greenfields Specialist School for Communication, to make further school extensions and modifications, and to allow for the change in status of schools to academies. The PFI runs until 1st January 2038.

2.2 The PFI contractor is a 'special purpose vehicle' called Northampton Schools Limited (NSL). Service provision is via a sub-contractor, Amey.

2.3 The number of schools in the PFI was 41 at commencement. The fact there are still 41 reflects the fact that Greenfields was added but Bellinge was merged with Ecton Brook. In the information which follows the entry for Ecton Brook includes both its sites (i.e., including the former Bellinge site). Schools in the PFI receive a dedicated additional element of dedicated schools grant (DSG) reflecting costs they incur under the PFI contract.

- 2.4 There are now 29 academies and 12 maintained schools in the PFI. The maintained schools include Greenfields which, as a SEND specialist school, is funded in a different way from the other schools. It does not have an individual school budget but rather is funded via the central school service block (CSSB).
- 2.5 For the avoidance of doubt, references to the PFI in this report only refer to the Northampton Schools group PFI, and do not refer to the single-school PFI for Caroline Chisholm School.

3. PFI charges

- 3.1 The PFI 'unitary charge' includes two elements, a fixed amount which broadly reflects the capital costs of constructing and extending schools originally, and a facilities management (FM) charge which covers services to the schools such as maintenance, cleaning, and grounds work. The FM charge is increased (or theoretically decreased) each year in line with the retail price index excluding mortgage costs (RPIx). Each year the February RPIx figure determines the price for the following year.
- 3.2 Additionally, every five years the FM charge is subject to benchmarking to reset it in line with current costs of providing these services. This most recently affected the 2022/23 charges, which now provide the baseline for inflationary increases.
- 3.3 The OBR publishes future inflationary increases on a quarterly basis. Table 1 shows current OBR projections.

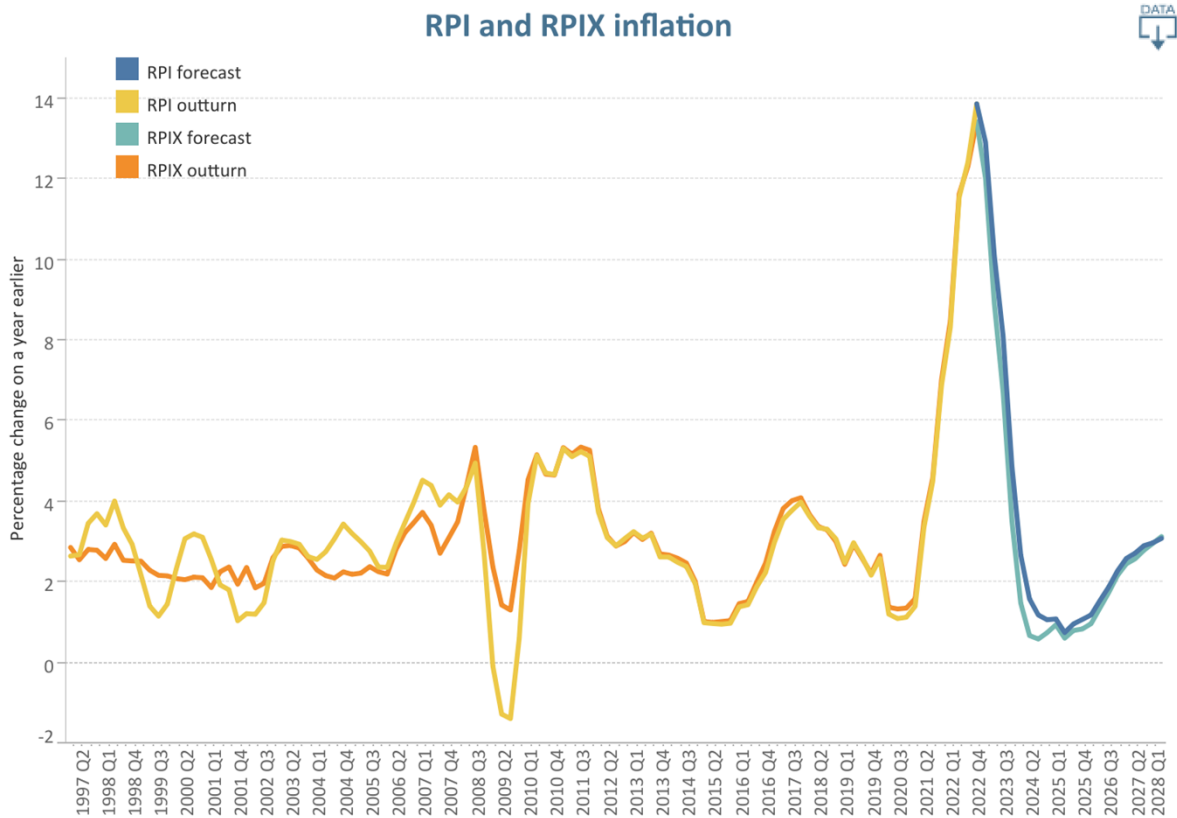
Table 1: OBR inflation projections

OBR forecast date	Q1 2024	Q1 2025	Q1 2026	Q1 2027	Q1 2028
27 January 2023	2.8%	0.0%	-	-	-
19 April 2023	1.5%	0.9%	1.0%	2.5%	3.1%

- 3.4 Figure 1 shows the most recent OBR inflation data and projections, which highlights how unusual recent events have been. It is also worth noting that the OBR suggests inflation will drop dramatically during 2023 and 2024. However, projections at that distance in time should be treated with caution. Whilst the underlying logic (the sharp rises in prices – notably in fuel prices, caused by the Russian invasion of Ukraine – drop out the 12-month comparisons which are the basis of inflation calculations) does seem valid actual inflation numbers suggest UK inflation may remain somewhat higher for longer than was expected. The actual August RPIx figure was 7.8% compared to the OBR quarter 3 (July – September) forecast of 6.7%.

3.5 The Chancellor is due to present his Autumn Statement on 22nd November 2023. The OBR will present updated forecasts alongside this statement, so by then we should have a somewhat better view of February 2024 RPIx and therefore of PFI FM charges and thus the costs for schools.

Figure 1: April 2023 OBR inflation history and projections



Source: ONS, OBR

3.6 The Council wrote to all schools in the Northampton group PFI earlier in the year explaining it would make a one-off contribution towards the inflationary increase in 2023/24, which would provide schools with time to plan for the likely position in 2024/25. In Appendix A, the contribution for each school is shown, with the 2023/24 actual position and the 2024/25 projected position based on the assumption that applicable inflation rate follows the OBR forecast and the one-off contribution is not extended.

3.7 At the time the letter was sent to schools, the Council's one-off contribution was estimated at £532k. In fact, due to the way inflation turned out, the actual figure was over £600k. However, it is proposed only to reverse the £532k originally stated. This would mitigate any additional impact on the schools.

3.8 The Council is nearing a conclusion of its examination of PFI costs and income with the specialist consultants, RSM. Hopefully it will soon be able to report back to the Forum on the outcome.

4. PFI Customer Satisfaction Survey

4.1 At the last (albeit inquorate) Schools Forum meeting, a question was asked about school satisfaction. An undertaking was given to provide an update on the most recent survey data on this topic, which was 2nd December 2022.

4.2 The contract requires the contractor to undertake a bi-annual customer satisfaction survey. The survey focuses on the facilities management services such as caretaking, cleaning, and grounds maintenance. It is an opportunity for schools to have their say and to grade the services. Should a school grade the services poorly overall then the contractor is obliged to engage with the school to audit the services and put in place a plan of action to address the performance failures.

4.3 The last survey was taken in October 2022. It was issued online via Survey Hero and if requested schools were also provided with hard copies. Of the 42 schools that were surveyed 19 provided a full response, 23 a partial response, and one no response. Details of the responses are provided in Appendix B.

4.4 Apart from caretaking, which fell on average slightly below 'satisfactory', all average scores were satisfactory or better. However, in all cases there was a significant 'tail' of 'unsatisfactory' or 'poor' results. This is consistent with the pattern observed qualitatively – a minority of schools experiencing poor service. This has been pursued with NSL and Amey; performance appears to be improving but of course is not perfect.

4.5 Based on these results, nine schools met the threshold for requiring an audit and action plan. These schools were contacted seeking to meet to engage the school in the development of the action plan. Some schools subsequently determined that an action plan was not needed, so these were discontinued. Action plans are monitored through school service review meetings.

4.6 The next survey is due in 2024. Schools will be encouraged to use it to express their views, both positive and negative, on the services provided. However, this in no way prevents them from raising any concerns earlier and they are encouraged to do so.

5. Conclusions

5.1 The Northampton schools' group PFI was an important tool to access funds to secure school places needed for Northampton. It remains an important contract, but the PFI structure also creates challenges. The Council is committed to working with schools to achieve the best overall outcomes from it.

5.2 Schools continue to be encouraged to raise any issues of concern so that they can be addressed.

5.3 It is hoped that providing the estimated PFI FM charges is helping schools to plan their budgets for 2024/25.

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