

OPTION: **SCHOOLS BUDGET - PLANNED PROGRAMMED MAINTENANCE AND PFI AFFORDABILITY GAP**

BUDGET SAVING: **£2,750,000**

DESCRIPTION OF OPTION

The Council has a £650,000 budget for Planned Programmed Maintenance, which covers expenditure in schools on preventative work around legionella, asbestos removal, electricity regulations (NICIEC testing), emergencies and vacant buildings. Currently £200,000 of this is funded from the Schools Budget.

This option is to charge future costs of Planned Programmed Maintenance to the Schools Budget.

There is a 27 year Private Finance Initiative (PFI) agreement until 2031 for 9 schools. The current contracted costs are £10.6 million, covered by a government grant of £5.4m, contributions from schools of £2.9m and the remaining £2.3m paid by the Council.

This option is to charge all PFI costs currently paid for by the Council to the Schools Budget from 2015/16, resulting in a saving to the Council of £2.3 million.

RATIONALE FOR SAVINGS

These are costs that are paid by the Council, although they could be charged to schools.

The alternatives to the proposed options would be to:

- Cease PPM activities and require any essential costs to be met by individual schools;
- Reduce PFI contract specifications to reduce overall costs;
- Put in place a PFI contract extension to reduce annual rentals.

IMPACT

The PFI contracts concern the assets of 8 secondary and 1 primary school, whilst PPM may impact on all school assets.

These options have no direct staffing implications, although transfers when implemented may require other school support services to be reduced.

These are significant costs for the Schools Budget to absorb at a time when there is no growth. This may cause additional turbulence within school funding or reductions in other support for schools e.g. SEN.

MITIGATION

There would be a phased transfer of Planned Programme Maintenance and Private Finance Initiative costs, this would enable time for appropriate plans to be made within the Schools Budget.