



Meeting of the

CABINET

Wednesday, 14 March 2012 at 5.30 p.m.

SUPPLEMENTAL AGENDA

	PAGE NUMBER	WARD(S) AFFECTED
7 .2 Grouped Schools and Mulberry School PFI Contracts - Progress Report (Addendum Report) (CAB 094/112)	1 - 4	All Wards

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Agenda Item 7.2

Committee/Meeting: Cabinet	Date: 14 March 2012	Classification: Unrestricted	Report No: CAB 094/112
Report of: Corporate Director Children, Schools & Families Originating officer(s) Pat Watson, Head of Building Development, CSF David Tully, Interim Head of Finance, CSF		Title: Grouped Schools and Mulberry School PFI Contracts – Progress Report (Addendum Report) Wards Affected: All	

Lead Member	Cllr Oliur Rahman, Lead Member for Children Schools & Families
Community Plan Theme	A Prosperous Community
Strategic Priority	Priority 3.1 Support lifelong learning opportunities for all

Reason for Urgency

The report on PFI has already been despatched to Cabinet and this supplementary report is an addendum to that report. The information contained in this supplementary report was not available as the main report was published.

It is necessary for Cabinet to consider the further feedback contained in this supplementary report at its meeting on 14 March 2012 to allow them to have a full view of the outcomes from the consultation with the 24 PFI schools. Three schools had indicated that there may be circumstances where they would not oppose the proposal being considered by Cabinet and more time was needed to correspond with those three schools.

The Mayor in Cabinet is recommended to:

Agree that he is satisfied that this matter is urgent, as defined in the Authority's Constitution (Part 4 Rules of Procedure, Section 4.2 Access to Information Procedure Rules, Rule 6 Items of Business , sub paragraphs 6.3 and 6.5) . The special circumstances justifying urgency are set out in the Reasons for Urgency detailed above.

1. SUMMARY

- 1.1 This addendum report is being circulated with additional information about schools' views on the acceptability (to them) of the proposal being considered by Cabinet.

2. INFORMATION

- 2.1 The report explains that 20 of the 24 schools either supported or did not oppose the proposals. Of the four schools that were not in a position to consent, three schools that had indicated that they may have been minded not to oppose the proposed basis of indexation for schools contributions to the PFI contract, if certain conditions were met. The fourth was simply opposed.
- 2.2 The Corporate Director wrote to each of the three schools addressing their conditions and each of them has now advised of whether their position has changed as a result of the correspondence.
- 2.3 **School 1** is now **not opposed** to the proposal, although they remain unhappy with the process overall.
- 2.4 **School 2** has indicated that it would not be opposed to the proposal if a ceiling on annual increases were set at 5%. The Authority would have to apply the same arrangements to each school and does not support the use of a ceiling, as this would mean that all schools would be contributing even more to support the PFI contract costs. Moreover, it takes no account of the context of changes in school funding, nor in the potentially distorting impact that one-off reductions (for performance failure of the contractor) may have on the operation of a ceiling. School 2, therefore, is **opposed** to the proposal, as the Authority cannot agree to the conditions it has set.
- 2.5 **School 3** would have withdrawn their opposition to the proposal if the Authority were able to enter into a legal agreement to ensure that no future increases to the mechanism for calculating school contributions were introduced. Getting a legal agreement that 24 schools and the local authority can unanimously agree on would be a very difficult exercise. If it were quite general, it may prove to be meaningless and if it were quite specific, it may prove to be too constraining. Moreover, what is at issue is how all schools are funded and that ought to be a matter that is considered in the context of national regulations, local circumstances and sound consultative processes with schools. So, School 3 is **opposed** to the proposal, too, as the Authority cannot agree to the conditions it has set.
- 2.6 **School 4** is **opposed**, on the basis that it does not agree that a supplement to the retail price index mechanism is appropriate.

3. CONCLUSION

- 3.1 In the final analysis, 21 of the 24 schools either support or do not oppose the proposal which Cabinet is asked to consider. 3 schools are opposed for the principal reasons set out above.
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**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
Correspondence on PFI between the Corporate Director of CSF and schools Jan – Mar 2012.	David Tully Town Hall, 4 th Floor Mulberry Place, E14 2BG (Tel 020 7364 4960)

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