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Education and the Private Finance Initiative

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ABSTRACT This article reviews the development of Private Finance Initiative schemes in the United Kingdom, and reflects on how profitable opportunitees for private financiers and construction companies were created at the expense of the public sector.

Introduction

The first Private Finance Initiative (PFI) scheme in Britain was introduced by John Major's Conservative Government. It was the toll bridge linking the mainland to the Isle of Skye completed in 1995. It would illustrate characteristics which would be common to many such schemes. The initial funding by the private sector meant it did not show up on the public sector borrowing requirement and the financial details were kept secret under the plea of 'commercial confidentiality'. The service would prove expensive both in the level of fees through tolls charged and the sum paid by taxpayers when the contract was bought out. Major was an enthusiastic supporter of PFI because it fitted in with his belief in widespread privatisation. Some Labour MPs had criticised the move for that very reason so when their Party swept to power in 1997 it was thought that the system would be ended. The reason given for its continuation initially was because the neglect of the infrastructure in much of the public sector, especially schools, was so parlous, as numerous reports from HMIs had made clear, that it was thought private as well as public finance would be needed to meet the high demand. Soon it was to become a preferred method for financing many large-scale capital projects for the public sector by Gordon Brown when Chancellor and later Prime Minister. Attempts to use other methods, such as bonds to renovate the London Underground, were scorned with disastrous consequences. Schools and local education authorities soon learned that at times their only hope of gaining new buildings would be by adopting a PFI scheme. There were opportunities for big profits to be made by private financiers and construction companies participating in PFI. They would be at the expense of schools and other parts of the public sector for a generation to come.

Clive Griggs

The Rise, Fall and Rise Again of School Building Programmes, 1945-2005

In the post-war years there was a major building programme of housing and schools throughout the country. Part of this arose from a need to repair damage and destruction from bombing; part from new demands to provide decent housing for thousands of families living in sub-standard accommodation. Expansion was also needed for more school places once the promised raising of the school leaving age to 15 (already delayed in 1939 by the outbreak of war and again by R.A. Butler, Minister of Education in 1944) was finally implemented by his successor, Ellen Wilkinson, in April 1947. Priority for new school buildings was given to estates being built in town suburbs and the new towns to deal with inner-city 'overspill' such as Crawley, Cumbernauld, Dawley and Milton Keynes. This was often at the expense of projects to replace old 'all age' schools found especially in rural areas, new buildings for teacher training colleges, provision for special classrooms to serve handicapped children and purpose-built facilities for the school meals service.

The governments of the 1950s regularly excused the lack of progress for investment in the infrastructure of the education service by pleading for the need to economise in education.[1] It was not until David Eccles arrived at the Ministry of Education in 1959 that progress in school building began to recover, stimulated by the demand in many local authorities to end the divisive selective system of secondary schooling. From the mid 1970s onwards, new capital expenditure dried up in nearly all areas of education for maintenance and repairs as well as new buildings, to cope with the expansion needed to deal with the promised further raising of the school-leaving age to 16. In fact this reform, promised in Labour's 1964 and 1966 manifestos, was postponed in 1967 under pressure from Roy Jenkins as Chancellor of the Exchequer; an action accepted by the Minister of Education, Patrick Gordon-Walker. It was to be implemented by his successor, Edward Short, but before he could fulfil this policy Labour was ousted from office in the 1970 General Election. Mrs Thatcher, who took over at the Ministry in Edward Heath's Conservative Government, finally raised the school leaving age to 16 in 1973.

Between 1981 and 1986 'reduced spending on capital almost certainly created a backlog of repairs and replacements'.[2] Realising that the situation was deteriorating, John Patten, the Education Secretary (1992-94) in John Major's Government decided to abandon the rules set on minimum standards because there 'was no realistic prospect of finding the capital expenditure to bring schools up to the standards of the Government's 1981 regulations'.[3] His letter to cabinet members was leaked to the Labour Party and his proposals heavily criticised. Stuart Maclure, former Editor of the *Times Educational Supplement*, stated that 'The idea of a good physical environment for education being an integral part of quality goes back to the Second World War. This is a retrograde step being taken for no better reason than not wanting complaints about standards of school buildings'.[4] The Leader in the *TES* declared 'It amounts to a complete abandonment of the pretence that the state will ensure that children receive their education in conditions that meet even the most modest physical requirements, let alone the higher standards demanded by the National Curriculum'.[5] Patten's decision concerning the abandonment of maintenance regulations for school premises was all the more controversial given that his new Education Department headquarters in London cost £9.6 million a year in rent and maintenance.[6]

Crumbling Schools

During the 1990s a series of reports from HMI were published strongly criticising the conditions to be found in many school premises. The very sub-title, *Crumbling Schools*, gave an indication of the nature of the problem and extent of the poor conditions in which pupils and teachers were working. The measured prose used by the Inspectors made it all the more damning.

> 5.8 Accommodation
> The accommodation in English primary schools, in terms of its quality and its adequacy for the effective teaching of the National Curriculum, is good in less than half the schools … Even in schools looked upon as having generally good facilities, it was rare for an inspection report not to indicate some area of concern.
> For example:
> All classrooms and teaching areas are of adequate size, except the hall which is too small to accommodate the whole school for assemblies and is cramped at lunchtimes. Its small size also has a negative impact on the teaching of P.E., which is most noticeable with older pupils in gym lessons.
> The effects of poor-quality accommodation are more insidious; leaking roofs, crumbling plaster, flaking paintwork and bleak, unpleasant outdoor play areas. Where such poor-quality accommodation is found in conjunction with routine vandalism, such as graffiti, broken windows or damage to school grounds, the adverse effects on morale and the drive to raise standards can be considerable. It may be beyond the reach of a school to tackle some of these issues, particularly those requiring a change of direction in the local community or capital investment on a large scale. Where these factors of poor accommodation are present, inspection reports make depressing reading.

The report went on to give a series of individual examples to illustrate their findings. A delegate at the 1996 National Union of Teachers (NUT) Conference provided a graphic picture from a school he had visited in Bedfordshire: 'Maggots were dropping from a classroom ceiling on to teachers and children … the problem happened after pigeons entered the roof space and died there because the roof had not been repaired'.[7]

Higher education suffered a similar lack of funding for capital expenditure. Writing in 1986 and looking back to 1973, Peter Scott, then Editor of the *Times Higher Education Supplement* observed that, 'The physical landscape of most universities, polytechnics and colleges has not changed much. A few new buildings have gone up, the once bright concrete is stained, the grass is no longer as well attended, but the environment is familiar. … The physical plant enjoyed by most higher education institutions is very much the plant created in the 1960s and early 1970s. Because of the obsolescence of buildings … and the growing sophistication of expert facilities and equipment, many institutions in 1986 face acute problems of physical renewal.[8]

A New School Building Programme

When the Labour Government swept to power in a landslide victory in 1997 Prime Minister Tony Blair announced that a major goal would be 'Education, education and education'. Hopes were raised that at long last the problem of decaying buildings in the education service as well as in other areas of the public sector would at last be seriously addressed. Even Labour's most hostile critics have to recognise that there has been a massive building programme since then; much of it needed to deal with repairs and maintenance of buildings which had been neglected year after year. Most teachers and parents were grateful for the new and refurbished buildings which have replaced some of the worst of the old premises, including outside toilets in some primary schools which were a disgrace to a prosperous nation.

Yet in spite of record amounts in increased expenditure for school and higher education buildings the extent of the problem from the years of neglect, especially during the early 1980s, was of such a scale that there was still a backlog of repair work of more than £8 billion outstanding eight years after the first Blair Government had won power. Priority was given to authorities with 'high levels of deprivation' rather than those with the greatest repair needs. This was understood by education authorities but at the same time frustrating for local education authorities (LEAs) with school buildings such as the 150-year-old primary school in Frant, East Sussex, in which a classroom had to serve as the assembly 'hall' at the start of school, then a classroom during the morning, a dining room at lunch time before being returned to a classroom for afternoon lessons. Furniture had to be constantly moved from one area to another as well as making sure that desk tops and the floor were cleaned up after lunch. The facilities were clearly inadequate for the educational needs of the pupils and work of the teachers in the twenty-first century. A list of the 20 local authorities in need of repairs estimated in terms of costs included Birmingham (£338 million), Lancashire (£244 million), Hampshire (£240 million), Essex (£198), Kent (£167 million), Cornwall (£147 million), Warwickshire (£144 million) and Leeds (£137 million). Of these Hampshire, Essex, Cornwall and Warwickshire were not among the first round of the proposed *Building Schools for the Future* programme.[9] Even if the money were available it is doubtful whether the building trade could have provided all the necessary repair work within a short period of time. The situation was primarily the result of the refusal to fund the necessary refurbishing requirements of schools in the recent past; a strategy for which present pupils and teachers are bearing the cost. It might seem churlish therefore to pose the question: has the method of financing some of the building programmes been undertaken in the long-term interests of the community?

Private Finance Initiative for New Building Projects

The Private Finance Initiative (PFI) is a partnership between local authorities and private companies. As an idea it was launched by Norman Lamont in October 1992 with much approval from John Major.[10] In fact it would appear that the 'intellectual thrust' for PFI came 'from David Willetts, in a pamphlet in 1993 called *The Opportunities for Private Funding in the National Health Service*, published by the Social Market Foundation and financed by the private health insurance company BUPA … When he wrote the pamphlet, Willetts was consultant to Health Call, a private health firm'.[11] This Special Report provides a detailed analysis of the origins, vested interests involved and the political process by which the PFI was launched and pursued from the 1990s onwards. For Conservatives PFI was largely based on the belief that the more the private sector was involved in any aspect of the economy the more efficient an organisation would be. For 'New Labour', initially the idea seemed to be that as it was impossible to provide all the resources from the state to undertake the massive building programme needed throughout the public sector, especially in education and health, additional investment would be needed from the private sector. For the private sector, the chance of large profits rather than philanthropy was the main attraction; for the government the prime reason was to get the new building programme under way as soon as possible. This urgency was not only because of the real need to overcome years of neglect in public sector investment but also because the expectations of the public were so high following Labour's 1997 electoral victory.

Over the Sea to Skye

PFI has been seen as one way of getting more capital projects completed than using the traditional method of general taxation to fund them. The method has been used in particular to build and refurbish hospitals and schools but the first project funded in this way was the construction of a toll bridge to the Isle of Skye from the mainland to replace the traditional ferry system. John Major's government would give the go ahead to the project only if it was financed by PFI. The bridge was completed in 1995 and a toll of £4.30 charged for the one mile journey each way, giving it the distinction of being the most expensive toll road for its length in the world. Six years later the fee had increased to £5.70, which can be compared to the 80 pence charged then on the Forth bridge for a one-way journey as the return was free.

The story is complicated. Hundreds refused to pay the tolls. Summonses and fines followed and both Conservative and Labour governments refused to publish the details of the original contract which the islanders claimed would allow them to challenge the legality of the charges brought against them. Protests followed and Robbie the Pict was charged 131 times and convicted on 60 occasions. To many enquiries governments of the day pleaded 'commercial confidentiality', an excuse that would not have been possible if the project had been undertaken fully by the state. Such a response prevents the public from gaining information exposing both the political motives of the politicians involved and any embarrassment which might arise from knowledge of their incompetence. Trying to disentangle the finances to ascertain who really benefited from this project is impossible whilst so many of the details of the contract remain shrouded in secrecy. It seems that the taxpayer provided £15 million, the European Investment Bank £13 million, private investors £7.5 million, a commercial bank £6 million and the contractors £500,000. The original promises that the consortium would require only £6 million of government money, that they would be responsible for approach roads and carry the risk of falling traffic were all abandoned and the Scottish Office was left to find the money for all these areas. Ten years on a solution to the opposition to the tolls by the islanders was agreed. The Skye Bridge Company was bought out, receiving about £27 million compensation for the £128 million the company expected to collect from its tolls.[12]

In April 1996 a PFI contract was agreed between the Home Office and Siemens to produce a computer system which would allow immigration officers to process applications for asylum seekers fairly and quickly. An undertaking was given that "No payment will be made until the computer system is working satisfactorily" but the system failed leaving the taxpayer once more to pick up the bill for the chaos down to 2003. Siemens then received a contract to produce a system for the Passport Office to process applications which led to a backlog of over half a million applications piling up.[13] From 1997 PFI contracts were awarded for 150 projects worth over £12 billion, including 35 hospitals, 520 schools and 4 prisons. They will result in payments to private contractors of £3.5 billion per annum from 2004 to 2013; all that can be said for certain is that once again these deals are very lucrative for the private contractors.[14]

PFI and Schools

The PFI world is confusing. In 1997 the TTF was established within the Treasury and given responsibility to organise the system, only for the policy section to be moved to the Office of Government Commerce (OGC) two years later before being returned to the Treasury once more. Partnership UK (PUK) is the partly privatised sector owned and staffed by investment bankers, corporate lawyers, consultants and personnel from the financial world, which no longer enjoys the prestige and respect it did a decade ago, whilst the Treasury holds 49%. 'Management Speak' in the form of a proliferation of abbreviations by the use of initials, some used frequently enough, such as TUPE, in which staff are transferred from public sector employment to the private sector may be familiar; others, such as SPV will mean little to the general public. This practice may be designed to confuse those seeking to understand the workings of PFI; at the very least they succeed in being an irritant.

In 1993 the Private Finance Panel (PFP) was set up to support PFI. The PFI system arranges for a private contractor not only to build a school but to manage it for 25-30 years. The school leases back the buildings and an agreement is made as to how many hours and times the school can have access to the premises to hold after-school events such as a school play or governors' meetings. The more they require use of the premises the more expensive the contract. At other times the contractor can raise revenue by hiring out the premises to other organisations. The contract managers are responsible for school security and the cost of vandalism outside the school's contract hours. This means that a considerable amount of money is spent at the outset on security systems. However, with an eye to reducing future maintenance costs contractors may focus on issues which are not the prime concern of teachers. In reality the local authority is paying a mortgage and as management fees increase over the years the total payment to the contractor for the school will far exceed the original cost of the school.[15]

Some contractors, having completed the building programme, have sold on the maintenance contract at a profit to release capital in order to bid for another PFI contract. Those buying the maintenance contract 'normally take on or replace the existing workforce through TUPE arrangements' which can be destabilising and detrimental to the workforce involved'.[16] When the key element in providing a service is the profit motive it changes the relationships and values within an organisation, such as the service primarily concerned with the provision of educating individuals with their varying backgrounds, abilities, attitudes and ambitions. This is not an unrealistic sentimental view but an approach which most working people directly involved in the caring services will recognise.

The Department for Education and Employment (DfEE) announced in 1996 PFI schemes for Dorset, Dudley, Manchester and Westminster. Liberal Democrats who controlled Dorset went into partnership with a private consortium headed by Jarvis which would cost £11.5 million to rebuild 40-year-old Colfox school in Bridport. Jarvis estimated the deal was really worth about £100 million when the 30-year premises management contract was included. The head teacher was delighted to have a new building to replace 22 'temporary huts', temporary since 1948! In the long run he commented that the local authority might spend more on management fees than it would have cost them to build the school themselves.[17] Since then contracts have grown to include large numbers of schools in one PFI project. Birmingham offered a 'bundle' of 10 schools, six of which are complete replacements, to potential investors who would arrange for the schools to be managed for the next 30 years and had another project for four more schools costing £70 million per annum for five years.[18] Two years later, Victoria Dock school in Hull was the first PFI built school to be opened.

The scale of some of the contracts is quite staggering: 'Balfour Beatty finalised a £100m deal to build 10 new schools – both primary and secondary – in Rotherham … bringing the value of its public services work to more than £3 billion. This is the largest community schools initiative of its type and will be undertaken by Transform Schools – a joint venture between Balfour and the financing firm Innisfree. Balfour is the sole contractor and will also be responsible for refurbishing five existing buildings. The contract runs for 31 years and includes a facilities management service.[19] Not surprisingly, support for the PFI is strongest among the private contractors. The chairman of Nord Anglia Education plc, Kevin McNeany, has argued that no government will spend the kind of money raised by taxation to undertake the scale of new and refurbished buildings needed in the education sector so that private partner participation is the only possible solution. He describes the PFI contracts as DFBO initiatives to describe the functions provided by private contractors; the *design, finance, building and operation* of the schools.[20] John Fitz has pointed out that design, building and operation should be an integrated process whoever finances the schools, as those who will use the school have valuable ideas from their experiences to inform designers, builders and managers as to their requirements.[21] However, who finances the buildings may have an important influence. If it is the public sector there will be a limit on how much can be allocated to any one of several demands for new school buildings. The private sector will in addition be considering the cost of buildings in relation to the return they will get on their investment and in that respect seek to reduce construction costs wherever possible.

When in opposition Labour opposed PFI. In 1993 Patricia Hewitt argued it was a move towards further privatisation whilst Alastair Darling warned that 'apparent savings now could be countered by the formidable commitment on revenue in years to come'.[22] 'This great free-market experiment is more like a corporate welfare scheme'. Darling's initial concern would be found to be correct. Years on when hospitals were attempting to meet the debts following from PFI schemes from their annual expenditure, they were contract bound to pay the ongoing fee to the private financiers, so the only areas which could be cut were beds, doctors, nurses and managers. Within months of Labour gaining office, Adrian Montague, a corporate lawyer and co-head of Global Project Finance at the merchant bank Dresdner Kleinwort Benson, was appointed head of Gordon Brown's Treasury taskforce on PFI, Partnership UK (PUK), drawing up the rules for handing over the future of hospitals and schools to banks and construction firms. His salary was £160,000 per annum.[23]

In 2002 Gordon Brown as Chancellor of the Exchequer was asked to explain the rationale behind the use of private finance for public investment when it could be demonstrated that private borrowing for public sector projects was more expensive. He declared repeatedly that 'the public sector is bad at management, and that only the private sector is efficient and can manage services well'.[24] This confident response would be tested in the years to come and prove difficult to sustain in relation to some PFI schemes.

PFI … an offer you can't refuse

The Labour Government pressed ahead with its PFI programme for school buildings in spite of the serious concerns raised by some local authorities, teachers and trade unions. These concerns are real and could prove costly to taxpayers in the years ahead although a cynic might argue that present politicians need not be too concerned about far off problems as they will no longer be in office to face the consequences. In October 2002 the DfEE drew up plans to rebuild or refurbish every secondary school in England over the next 10 years. David Miliband was negotiating a massive programme of up to £45 billion to hand over building and maintenance of England's 3780 secondary schools to private companies.[25] It was, according to Miliband, the only practical way of coping with the £7 billion backlog in repairs which they had inherited in 1997.

In general at local level support for PFI has been largely for two pragmatic reasons. Too many teachers and support staff have suffered from years of working in schools with inadequate facilities and poor maintenance standards so that the prospect of new or refurbished buildings is a welcome change which allows then to pursue their educational aims with greater efficiency. The second reason is because many have learned from experience that they have little chance of receiving government funding for new facilities except through PFI. There has therefore been an incentive for some LEAs to overestimate costs of non-PFI schemes because they believe this will enhance their chances of receiving PFI resources.[26] Richard Bloodworth, head of Durham Johnston's comprehensive school, was opposed to PFI but knew it was the only way he would receive funding to modernise the school's two sites which were built in the 1930s and 1950s. 'The school's PE facilities are … unspeakable, five science labs are still as they were in the Fifties, home economics is taught in classrooms deemed temporary 30 years ago, and the entire maths department is housed in "huts"'. He understood that PFI 'costs more, takes longer, lines the pockets of lawyers and bankers – and it uses public money to do it. … But I am told that PFI is the only way local authorities can get their hands on the money'.[27] Brent were also told their much needed refurbishment programme would be done only if PFI was used. A £250 million PFI deal to rebuild five schools and a special school with a post-16 and two leisure centres for the local community may not have been the method schools would have chosen. Brian Rossiter, one of the secondary school heads said, 'There was no choice. The political will would not have been there to rebuild this school as a one-off capital project and the Government would not have allowed us to borrow the £20-odd million we would have needed'.[28]

PFI grew under Labour Governments from £35 million in 1997-98 to £1200 million in 2005-06. The perception for many within local government and schools that it is the only method of receiving money for school refurbishment and building programmes is correct in many areas. It is also the case that at the same time government capital spending on schools has been consistently much higher; from £700 million to £4131 million over the same period. Whilst not necessarily typical, at Durham Johnson school, housed in poor buildings on two sites, a new school was being built using traditional means of financing; the proceeds from the sale of one of the old sites and funding from central government and Durham County Council.[29] The new building programme for the five schools in Eastbourne is another example where PFI has not been used. It is difficult to know whether the Government is reluctant to focus attention on such programmes for fear of being accused of spending too much money on public sectors of the economy. In this they are probably misguided for most people do support expenditure on projects of clear benefit to the community.

PFI: value for money?

'On the 4th July 2001, Andrew Smith, Chief Secretary to the Treasury, was asked for evidence of cost and efficiency savings from the Private Finance Initiative. In his written answer he claimed that a National Audit Report on "PFI and Value for Money" had "found an average cost saving of 20 per cent or just under £1 billion in total." … The National Audit Office confirmed that it had never published, and was not aware of, such a report'.[30] Andrew Smith's statement was found to be untrue and a week later he apologised.

By 2002 evidence was beginning to emerge which raised doubts over the declared virtues of PFI schemes. A damning report listed problems with private contractor Interserve, which rebuilt schools and took over maintenance and catering in a £60 million deal in Sheffield. The Council deducted £100,000 from its fees and negotiated for compensation. At the same time the trade union, UNISON, called for a public enquiry into 'conflicts of interest' among accounting firms involved in PFI deals where they were acting as auditors and advisers on projects; a practice which had been criticised in some of the corporate scandals arising in the USA, especially in connection with Enron.[31] Trade unions with members other than teachers in the education service were well aware of the problems their members were faced with when private contractors took over school meals and maintenance in terms of their incomes, conditions of service and pensions, a battle in which they had been involved in the moves to privatise public services during the 1990s.

In July 2002 the Public Accounts Committee, the government's watchdog, found that 23 per cent of public sector organisations believe that 'value for money' has declined since their contracts were signed. High prices being charged for services was a particular concern.[32] Moreover in nearly 60 per cent of the projects private contractors had been penalised for underperformance and 55 per cent had been compelled to vary the terms of their deals. Contractors had overcharged for extra services. UNISON General Secretary, David Prentis complained that, 'All this money lost on hidden costs and extra charges and the expensive accounting games that go on to maximise contractors' profits are at the expense of people using public services'.[33]

Further criticism has arisen from the Institute for Public Policy Research: 'it had scanned the figures for several PFI projects and found scant evidence that it offered increased value for money, especially for providing schools and hospitals'.[34] They also found that only 6 per cent of PFI projects were independently investigated by the National Audit Office and there was no check up taken to verify whether claims that a PFI project would be cheaper were true. It is accepted that the seven-year PFI council house repair projects have been a costly disaster but still councils will not receive money for refurbishment 'unless they hand their houses over to the private sector'.[35] In January 2003 another critical report of PFI was published by the Audit Commission, 'PFI in Schools'. It stated that the private scheme resulted in poor quality new schools and had not saved the taxpayer money'.[36] It had failed to deliver the benefits the government had predicted. They had examined 17 PFI-funded schools and 12 traditionally funded, all of which had been completed in 2001. It was found that the building process in the former was neither cheaper nor quicker. 'The report found the PFI schools were significantly worse for light, space, heating and acoustics, with little evidence of design innovation'.[37] Construction companies have admitted 'they expect to make between three and ten times as much profit through PFI deals as they do on traditional contracts, according to the Major Contractors Group.[38] CABE, a government-appointed architecture body, was critical of the new schools built, believing 'many plans had been inadequate and specifications needed updating; failures from the result of PFI schemes'.[39]

Jarvis: high ambitions; considerable problems

Jarvis gained a PFI contract to build and maintain nine schools in Wirral, Merseyside. The programme was delayed, partly because sub-contractors were not paid on time. Bricklayers had walked off the site because a £60,000 bill had not been settled whilst another company claimed it had been driven to the point of bankruptcy by delayed payments from Jarvis of over £50,000. Five of the schools were unable to open on time because the contractors' work was behind schedule.[40] Similar delays were experienced at Treatham high school in Stoke-on-Trent, part of a PFI contract for £153 million with Balfour Beatty. According to school governor and site manager John Horan, there was 'disruption caused by different contractors at work at the same time turning the school into a building site' with work dragging on 'well beyond the agreed date'.[41] The scale of money in PFI projects means that in general private contractors are not really interested in small projects. 'Greenford high school in West London, made two PFI bids for a new dining hall and sports facilities but both were turned down … [so they resubmitted their plans as part of] a £25 million rebuild scheme with two other schools with a much greater chance of acceptance'.[42] Private contractors favour building a completely new school in preference to an extra building or refurbishment contract.

By the end of the year head teachers in Yorkshire had sent a catalogue of complaints to the government about a £59 million PFI programme for 20 schools in the area. They claimed that delays in refurbishing by Jarvis Projects had disrupted education, affecting standards, and that the firm's work was shoddy. Work started on Saladine Nook high school in summer 2001. It was due for completion in August but still a building site when the school was due to open according to Christine Spencer, head teacher. Jarvis claimed there had been 'unforeseen problems' which were inevitable in such a 'complex project'. Primary school pupils in Richmond complained when they were left with ruined playgrounds and unfinished facilities after Jarvis suffered near-bankruptcy.[43] Jarvis was not the only contractor facing criticisms for work under the PFI scheme. In 2002 W.S. Atkins, another leading contractor for PFI, had been fined £20,000 for failing to identify and properly deal with asbestos in Dursley primary school in Gloucestershire.[44] Criticism has also been levelled at PFI schemes in Falkirk, Glasgow, Haringey and Tower Hamlets.

In July 2004 Jarvis had £4 billion of PFI contracts, mainly in the education sector and was responsible for maintaining 100 schools. It also had debts of £230 million but Balfour Beatty, a major rival, considered the PFI contracts of Jarvis 'too risky to take on' which was of concern to the schools involved.[45] Since then its shares have plunged, giving fears of bankruptcy. The company was worth £827 million in 2001; only £19 million three years later.[46] They have lost a £174 million Public–Private Partnership (PPP) contract in Fife for four primary schools and a £50 million deal with Norfolk County Council for extensions and refurbishment. Between 2003 and 2005 Jarvis made losses of about £600 million as its debts rose rapidly but in spite of these financial problems in recent years when shareholders suffered considerable losses, former directors were well paid: Paris Moayedi, who resigned in 2003, was paid £751,000, Alan Lovell received £412,000 whilst Kevin Hyde, former chief executive, was given £138,000 as compensation for losing his job.[47] Modem, another construction company involved in PFI contracts, has run into problems concerning completion dates. Having failed to deliver two schools in Exeter on time, neither was it able to provide a completion date for Isca College of Media Arts, which should have been ready for the autumn term 2005.[48]

For all the expressions of confidence by Steve Norris, their chairman, Jarvis faced serious financial problems. In December 2004:

> Work ground to a halt on many of the company's PFI contracts, including a £30 million project to rebuild part of Whittington Hospital in north London. … The company announced plans for a series of property sales, including its York and London headquarters.

> Building operations have been going slowly for some time … there had been similar problems on other important PFI contracts at Lancaster and Nottingham universities. … Jarvis plans to exit all its PFI arrangements and concentrate on plant hire and building roads and railways for local authorities and Network Rail.[49]

Less than 12 months later they were in talks to sell their highway maintenance division to public services supplier Accord.[50] On top of its £280 million debt it borrowed a further £15 million in early 2005, thereby increasing its interest payments by up to £3 million per month. The decision may not be greeted with much enthusiasm by those working within the rail industry. There is also concern that banks owed money by Jarvis could 'be forced to carry on its schools, roads and hospital projects if the group collapsed.' The Treasury had already advised local authorities in summer 2004 to draw up contingency plans to safeguard PFI school projects in the event of Jarvis going into administration.[51]

Brighton's PFI Problems

A much-needed programme for four Brighton schools to improve facilities was awarded to Jarvis under the PFI and welcomed by head teachers, but delight gave way to frustration arising from a catalogue of broken promises, amateurish work and condescending conversations with people 'who talk to you like an idiot' according to Andy Schofield, one of the head teachers. Brighton and Hove Council sought a meeting to discuss problems with work done under the £105 million construction and facilities contract for its schools.[52] The Council now faces a further problem as a result of PFI funding. It is one facing many schools because the number of 15-year-olds is falling. In England and Wales this age group reached a peak of 7,191,600 in 1999, fell to 7,168,400 in 2003 and projections for future years expect it to decline further to 6,612,500 by 2014. If a school needs to be closed or adapted for a different age group, in future, local authorities may find they are not able to act in the best way to serve the educational needs of the community without facing contractual problems. East Brighton College of Arts and Media (Comart), one of the four secondary schools involved in the PFI renewal programme, was closed at the end of the summer term 2005. Its intake came disproportionately from Brighton's most deprived estates and it had faced an uphill struggle for some years, being closed and reopened under the Government's Fresh Start programme in 1999. In spite of high-profile head teachers being appointed, eight in a space of 10 years, 2001 examination results were poor. The school, once known as Stanley Deason comprehensive, was faced with a combination of overwhelming circumstances. Attempts to change its fortunes by rebranding under the 'Fresh Start' scheme, rebuilding parts of it under PFI and attempting to make it into an academy all failed. Whatever new name was dreamt up the catchment area remained the same, and as if the social deprivation of many of the pupils with which the staff had to cope was not enough, the school was also struggling with falling rolls and an influx of children with learning and behavioural difficulties from other schools which they were pressurised to take because they were 200 pupils short. It was not surprising that one result of this combination of difficulties was 'the worst truancy record in the country'. The school was put into 'special measures'.

In 2001 Dr Jill Clough was appointed head teacher and together with the staff, succeeded in pulling the school out of this situation within 12 months. Nevertheless, there are limits to the ability of hardworking staff to cope with a disproportionate number of dysfunctional children. Dr Clough became ill as a result of the stress. She was critical of both Brighton Council and Jarvis. The Council issued a press release stating the school was to become a City Academy before she could tell her staff, who were furious: they had been not been consulted; neither did many of them agree with the decision. She claimed the work of Jarvis was shoddy and deadlines were missed so that the school was eight days late in opening in the autumn term. The experience of the school with Jarvis, who had won the PFI contract (although Comart favoured the 'educational insight' of the other bidder), was one of constant frustration. It was found that Jarvis had failed to take into account the financial implications of redesigning plans that were sensible, 'to reorder classrooms and other facilities, so that the media arts building would be integrated' with the rest of the school (Clough, pp. 81-82).

In these circumstances it was unreasonable to expect Dr Clough and her colleagues to provide a sound learning experience for the pupils. Temporary accommodation some distance away from the building project would have helped. Instead the staff and pupils were expected to work whilst being surrounded by the noise and disruption which accompanied the rebuilding programme. They were faced with endless problems:

> School equipment disappeared during the six week Summer break, the budget for the renovation of the laboratories, which had contained enough to supply interactive whiteboards and other facilities ran dry. There were drains which had to be completely replaced … the internet link was severed one afternoon … it was felt that these problems were partly explained by the site not being surveyed properly in the first place. After months of protest the site manager was removed. [53]

Complaints about Jarvis were: 'lack of transparency, ruthless trimming of specifications to keep within an announced budget (we could never be sure how much was being devoted to the College of Media Arts, as opposed to the other three schools in the PFI), very poor management, lack of sustainability in staffing, inefficiency – generally taking on more than could be realistically managed'.[54] Had Jarvis 'really understood what schools were about, especially in terms of relationships to be maintained between students and staff, their entire planning process would have been utterly different'. Dr Clough concluded, 'The governors still consider the most damaging experience the school endured was the PFI'.

A discussion with the United Learning Trust concerning academy status failed because Sir Ewan Harper, the charity's chief executive, was so unimpressed with the rebuilding work that the Trust would proceed only if the school withdrew from the PFI scheme. This they were unable to do. The result is that the Council faced a bill of £4.5 million for ending part of the contract – a financial disaster for a local authority resulting directly from a PFI deal.[55] Essex also faced a problem with a PFI secondary school in Jaywick completed in 2005 at a cost of £20 million. It is a successful school but faces closure because the estimated growth in housing has not materialised and there will be a surplus of 1000 places by 2012. The 32-year contract has 27 years to run; the County refuses to discuss the sum of money needed to terminate the contract. A similar situation has arisen in Balmoral High School, Northern Ireland, in which a PFI scheme in 2002 cost £17 million, but five years later a lack of pupils led to a decision to close the school although the contract still had 20 years to run. The facility is no longer needed but it will still cost the taxpayer millions of pounds. Schools could therefore be closed largely for financial reasons. Some LEAs may not have personnel experienced enough in negotiating contracts with multimillion pound companies and might not always get the best deal.

Financial Problems with PFI Companies

New deals continue in spite of problems associated with a significant number of PFI schemes. In October 2003 the biggest privately funded school building project in the South-East was halted after a construction company involved in a £340 million project went bust. Ballast plc, sub-contracted by Tower Hamlets Schools Partnership to carry out major building and repair work at 27 of its East London schools, found that Ballast's Dutch parent company, Ballast Needham, had stopped funding its UK subsidiary, which was placed into administration. Mr Kenny, NUT branch representative commented, 'Those of us opposed to PFI warned against these things. In a contract with the local authority there are safety nets. But at the moment, it seems none of the work can continue'.[56] Financial concerns have deepened as the top five companies in the PFI sector have amassed an estimated £2 billion of debt in more than 75 so-called 'special purpose vehicles' (SPV's) … calculated from the interest payments which Amey, Amec, Balfour Beatty and Laing have paid to "off sheet vehicles" whilst the accounting treatment of PFI work by contractors has become highly contentious, contributing to a sharp derating of some company shares'.[57]

These moves reflect those 12 months earlier when fears concerning W.S. Atkins and Carillion arose because of questions over the way companies were accounting for government contracts though the Public–Private Partnership (PPP). Shares at both companies fell ten per cent. The former involved with contracts for the London Underground and Atomic Weapons Establishment lost

50 per cent of its value between May and July 2002'.[58] John Laing has taken a different approach recently. 'It doesn't do any of the building or maintenance work itself. It organises the bid, manages the work, then sits back and reaps the long term income from the government'.[59]

The harsh reality is that simple solutions can rarely be applied to complex problems with any hope of real success. The scale of new buildings and repairs schools needed after so many years of neglect was daunting for any government to confront. PFI must have seemed to offer the possibility of a convenient short-term solution but it is almost certainly going to prove very expensive in the long run. The Commission for Architecture and the Built Environment has warned that some of the new buildings could have a life span of less than 20 years.[60]

Behind the stated support for PFI there are nearly always hidden agendas of different interest groups. For the government:

> Normal public investment is financed up front by taxes or public borrowing. PFI deals are financed by private money, which is repaid by the taxpayer, along with other services related to the contract, typically over periods of about twenty-five years. As a general rule, they are estimated to save about ten per cent of the cost of traditionally procured investment. But in some areas like schools and hospitals, the cost savings are as low as 3 per cent, according to the Institute for Public Policy Research. The Treasury claims but for PFI 'we simply could not have started so many so quickly in so many communities. The PFI offered additional private money to finance more public investment'. This justification is a poor one … . For one thing the real cost of any investment is the resources it uses, which is not changed by the method of financing. For another, the additional investment is not conjured up from thin air. It simply means that future rather than current taxpayers have to pick up the costs of serving and paying off the debt. And since public sector debt is so currently very low, just thirty per cent of GDP, the government is well placed to borrow more. … For all the fighting words about PFI, its principal value to Tony Blair and Gordon Brown, as to their Conservative predecessors, is that it hides the true cost of public sector spending programmes.[61]

PFI Ambitions: increased control of schools

Some private education contractors have their sights beyond building, maintenance and managing schools. Their declared aim is to take over schools almost completely – employment of all the staff, including teachers, with eyes possibly on certain aspects of the curriculum. Kevin McNeany, chairman of Nord Anglia plc, the first education company to be floated on the stock exchange, wrote in 1997:

> Why for instance should not the PFI provider not have full service agreement with the governors for the total delivery of a school's products? Yes, that includes the teaching and employment of the teachers but probably not the determination of the curriculum. I cannot pretend that my own company does not nurture such ambitions. [62]

Six years on Cambridge Education Associates and the Centre for British Teachers added their support to Nord Anglia's desires. They want 'control of teaching and learning in schools contracted out to them for up to thirty years on deals which would enable them to employ staff'.[63]

Cambridge Education Associates took over the education services in Islington. It wished to extend the process whereby a private company which has donated some money to sponsor a city academy can be responsible for teaching and employing staff in what was still considered a state school if only because the bulk of the funding came from government. They sought to extend PFI contracts to cover teaching and learning which would, according to CEA's operation director, 'take private-sector involvement in education to another level'.[64] This has not been welcomed by the NUT, where John Bangs, their head of education said: 'This is a recipe for at least muddle and at worst disaster. The Audit Commission came up with some pretty damning evidence on conventional PFI'.

Teachers should be concerned when they consider the fate of other council employees transferred to a private education company. Some employees with up to 20 years' experience at Waltham Forest Council had to apply for their own past jobs and suffered pay cuts of up to £4000. Fifty jobs transferred to Education Action after the company's takeover of the council's education service in September 2001 have been affected by changes that have been introduced. Education Action, a partnership between Nord Anglia and Amey, state that the changes have not been brought in for cost-cutting purposes but 'to improve services'.

When Compulsory Competitive Tendering was introduced for public services, such as school cleaning and meals, some private contractors were able to enter lower bids because they reduced the wages and working conditions of their staff. TUPE legislation went some way to prevent such practices but before 2005 it did not include pensions; a significant factor for long-serving employees who were often transferred from the public sector to a private employer against their wishes.

Financing Schools for the Future

The Labour Government's proposals outlined in *Building Schools for the Future* (BSF) aimed to rebuild or refurbish every secondary school in the country within the next 14 years at an estimated cost of £45 billion – a truly remarkable undertaking which emphasised the massive gap in capital expenditure on schools pre-1997. Subsequently Tim Byles, the chief executive of Partnership for Schools, the body established to run BSF, agreed the plans were 'overambitious and not deliverable'. Vosper Thorneycroft, the UK's leading builder of warships, which provides career guidance for teenagers, and financial and management services for schools, especially in Surrey, wishes to play a major role in the building programme. The buildings will be designed to accommodate the changing needs of schools in the twenty-first century. The proposals will be welcomed by those in education; it is the method of payment which gives cause to concern. Approximately half of all the work will be carried out using PFI schemes. The fact that cleaning, caretaking and catering will be run by private contractors means that public sector workers will be transferred to private companies against their wishes with all the problems associated with contracting out, which proved disastrous in many respects with the school meals service. The PFI experience has not been an altogether happy one for many schools. The six local authorities which will be first to open schools by BSF schemes are to be in Bradford, Bristol, Greenwich, Lewisham, Sheffield and Southwark. Each hoped to rebuild at least one school by 2007 but through a mixture of funding schemes, including PFI and the local authority; the last mentioned the cheapest method but with a question mark as to whether they will then be handed over to private companies, religious organisations, charities or groups of parents. Interestingly the new academies have all opted out of PFI, preferring to keep control over the buildings of their schools and the long-term ownership of them.

Recent administrations, whether they were led by the Conservative prime ministers, Margaret Thatcher and John Major, or 'New' Labour's Tony Blair and Gordon Brown, have constantly favoured private sector contractors being granted lucrative contracts to build, organise and control public sector services. Financially they have cost the country dearly. There is no clear evidence that where the private sector is brought in they provide better services in terms of schooling or health treatment than the public sector. There is, however, plenty of evidence that they have provided wonderful opportunities for private contractors to siphon off vast amounts of taxpayers' money to enrich their shareholders. For example, in Coventry a proposal to renovate the city's two hospitals for £30 million was replaced by a PFI scheme in which they were both demolished and one rebuilt at a cost of £410 million.[65] The financial costs of PFI schemes will remain a burden on the community for years to come. One such example has arisen from the results of the PPP scheme forced upon the London Underground by Gordon Brown for the renovation of the network, overriding a bond system recommended by Ken Livingstone and Bob Kiley, who had used such a system successfully on the New York Metro. The company charged with the £17 billion contract, Metronet, collapsed into administration in 2007 after failing to secure £550 million extra cash from the taxpayer. Conservative Shadow Transport Minister Theresa Villiers called for an investigation into the operating of PPP contracts.[66] The Department for Trade will meet the £1.7 billion cost of settling the company's debts plus a further £300 million to cover administrative costs. A few months later concerns of corruption were raised by Graham Stringer, Labour Manchester Blackley MP, who claimed, 'There is nobody publicly accountable'. Stringer suggested the relationship between Metro and its subsidiary, Trans4m, which was paid by Metronet to carry out station renovations, 'looks like real corruption' as the shareholders of Metronet were paying themselves via the construction company.[67] (Trans4m was owned by construction group Balfour Beatty, engineering consultancy Atkins, Edf Energy and Thames Water.) Graham Pimlott admitted that 'Trans4m's structure and its inability to carry out work on time or on budget was a major factor in Metronet's collapse'.

Tony Travers, professor at the London School of Economics, wrote in 2003, 'I think we'll look back on the tube as the high watermark of PPPs and PFIs. In years to come, it will look like a large whale beached by the disappearing tide'. Simon Jenkins is less sanguine:

> Millions have already been spent by the Department for Education and Skills on consultancy fees, and little-known firms such as Capita, Atkins, Serco and Carillion have grown rich on contracts. Capita lent Tony Blair £1 million for his campaign (in 2005) after its turnover from public contracts increased in seven years from £112 million to £1.4 billion. As can be seen at Norwich hospital, privatisation contracts are already being refinanced and sold in the market, leaving hospital owners with no long-term responsibility for care, and managers 'shroud-waving' at ministers for extra money. Some 40% of contracts are now reputedly 'in play'. This is exactly what happened to California's electricity in supply under Enron … Gordon Brown should take himself and his entire staff to the documentary film, *Enron* … Audiences gasp at the greed of Enron directors as they build dud power stations in India and black out California's privatised electricity grid to boost their share price … and the failure of American regulators to curb Enron's excesses, partly because of the closeness of the bosses to senior politicians.[68]

It is difficult for the leadership of either the Conservatives or Labour to criticise the use of PFI. John Major's government, which introduced the idea in the first place, was an enthusiastic supporter of PFI so that any criticism from his Party now rings rather hollow. As Bob Crow, general secretary of the RMT has commented, it's 'a bit rich coming from the arch-privatisers who smashed our railways into a thousand pieces. I am sure that any audit will tell us what every Tube and public service worker already knows – the PPP and PFI projects fail to deliver services, but shovel huge sums of public money into a few private pockets'.[69] As for Brown, a Treasury report by MPs published in 2007 showed that he had committed 'future governments to pay back £170bn by 2032 to banks, investors and private entrepreneurs for more than 800 schemes for new hospitals, schools and prisons'. Brown's refusal to consider schemes other than PPP for the London Underground arose from a personal clash with the London Mayor and Bob Kiley, alongside a trait not uncommon among many politicians; a refusal to admit that like anyone else, they are capable of making mistakes. When Metronet went bankrupt in 2007 taxpayers were left to bail out its creditors to the tune of about £2 billion.[70] Norman Baker, Liberal Democrat transport spokesman, commented about 'the appalling waste of public money… Just like Northern Rock, the private sector takes the profit when they can, and the public sector bails them out when matters go pear-shaped'.[71] A story which would be repeated by the activities of a significant number of high ranking overpaid incompetent staff within a number of international private banks within a short period of time. Taxpayers were left to bail them out. One more example of the State being used as a milch cow by many within the private sector.

An interesting postscript should be added. Just hours before Gordon Brown resigned as Prime Minister, Boris Johnson, Mayor of London, ironically secured a £310 million deal to take over Tube Lines, the private sector consortium doing up the London Underground, putting an end to the failed and costly PPP scheme forced upon Ken Livingstone earlier by Brown.[72]

Abbreviations

BOT – Build, Operate and Transfer
BSF – Building Schools for the Future
CCT – Compulsory Competitive Tendering
DFBO – Design, Finance, Building & Operation
DfEE – Department for Education & Employment
EI – Educational International [Umbrella body for teachers unions across the world]
IHA – Independent Healthcare Association [i.e. Private]
IPPR – Institute for Public Policy Research
NAO – National Audit Office
NUT – National Union of Teachers
OFT – Office of Fair Trading
OGC – Office of Government Commerce
PCG – Primary Care Group
PCT – Primary Care Trust
PFI – Private Finance Initiative
PFP – Private Finance Panel
PPP – Public Private Partnership
PUK – Partnerships UK
RMT – National Union of Rail, Maritime & Transport Workers
SPV – Special Purpose Vehicle
TES – *The Times Educational Supplement*
TTF – Treasury Task Force
TUPE – Transfer of Undertakings (Protection of Employment) Regulation 1981

UNISON – Trade Union for local government, health care, utilities, transport, etc.

Notes

[1] C. Griggs (2002) *The TUC and Education Reform 1926-1970*, p. 238. London: Falmer Press.

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[3] *The Guardian* (16.6.1993) D. Macleod, 'Patten Set to Drop School Building Rules'.

[4] 'Premise to be Abolished', *The Times Educational Supplement*, 18 June 1993.

[5] *The Times Educational Supplement* (25.6.1993) Leader column.

[6] *The Guardian* (16.6.1993) D. Macleod, 'Patten Set to Drop School Building Rules'.

[7] *The Guardian* (10.4.1996) p. 6.

[8] P. Scott (1980) 'Higher Education', in M. Morris & C. Griggs (Eds) *Education – The Wasted Years? 1973-1986*, p. 129. London: Falmer Press.

[9] *The Times Educational Supplement* (10.6.2005) M. Shaw, 'Repairs Facing £8 Billion Backlog'.

[10] A. Seldon (1997) *Major: a political life,* p. 336. London: Orion.

[11] P. Foot (2004) 'P.F. Eye; An Idiot's Guide to the Private Finance Initiative', *Special Report – P. Eye.*

[12] For full details of this long-running saga see G. Monbiot (2000) *Captive States; the corporate takeover of Britain,* ch.1; *The Guardian* (28.8.2001) G. Monbiot, 'A High Toll for Skye'; *The Independent* (17.6.2003) P. Kelbie, 'Victory in Sight for Campaign to Scrap Skye Bridge Toll'; *The Guardian* (22.12.2004) T. Scott, 'It Was Ordinary People Who Did This'.

[13] N. Cohen (2004) *Pretty Straight Guys*, p. 65. London: Faber & Faber.

[14] P. Toynbee & D. Walker (2001) *Did Things Get Better?,* p. 105. Harmondsworth: Penguin.

[15] For a critical examination of the development of PFI school funding see G. Rikowski (2005) *Silence on the Wolves: what is absent in New Labour's Five Year Strategy for Education,* pp.10-19. Occasional Paper, University of Brighton.

[16] S.J. Ball (2007) *Education plc; understanding private sector participation in public sector* education, p. 47. London: Routledge. This detailed study provides evidence of the extent to which private companies have permeated public sector education at almost every level; school cleaning, meals, consultancy, training, careers advice, individual learning accounts, systems management, examination papers and assessment and the Teachers' Pension Scheme. (For an account of the attempts to persuade teachers to switch to private pension plans see *FORUM* 51(2), 2009.)

[17] *The Guardian* (1.4.1997) N. Morris, 'Business Waits in the Bike-Shed'.

[18] Ibid., see also Ball, *Education plc*, pp. 45-46.

[19] *The Independent* (17.6.2003) R. Stevenson, 'Balfour Seals £100m Deal to Build 10 New Schools'.

[20] *Times Educational Supplement* (1.4.1997) K. McNeany, 'Thumbs up for Private Finance Initiative'.

[21] J. Fitz (17.1.2004) ESRC Seminar paper, Institute of Education, University of London.

[22] *The Guardian* (4.9.2007) G. Monbiot, 'This Great Free-market Experiment is More Like a Corporate Welfare Scheme'.

[23] A. Pollock (2005) *NHS Plc; the Privatisation of Our Health Care*, pp. 3-6. Montague also received a further £30,000 for his one day a week role as Private Finance Adviser to the Minister of Transport on the privatisation of London Underground. He was also an adviser to the giant French bank, Societé Générale, the largest shareholder in Alcatel, one of the firms bidding to privatise the Underground); ibid., p. 6.

[24] Ibid., pp. 70-71. Frank Dobson, Labour's first Health Minister in 1997, wrote to hospital chief executives to inform them that patients should be sent to private hospitals only 'where the NHS hospital's capacity was being used to a maximum'. On being informed of this three years later by Tim Evans, senior public relations officer at the IHA in 2000, Blair had Dobson's instruction cancelled. In 1999 Milburn replaced Dobson, who had been foolishly persuaded by the Prime Minister to stand against Ken Livingstone in the election for London Mayor, with disastrous results for the former and a display of bad judgement by Blair. The new Health Minister, Alan Milburn, soon made it clear that 'it's PFI or bust!' He invited bids from the private sector for NHS clinical service and on leaving the Department became 'a £30,000-a-year adviser to Bridpoint, a venture firm heavily involved in financing private health care firms moving into the NHS'.

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[28] *Times Educational Supplement* (8.7.2005) F. Abrams, 'No Bog Standard Solution'.

[29] Ibid.

[30] P. Osborne (2005) *The Rise of Political Lying* New York: Free Press. For a detailed analysis of the workings of PFI and some of the consequences of recent schemes see D. Osler, *Labour Party plc*, ch. 8: 'PFI or Bust'. Edinburgh: Mainstream Publishing.

[31] *Times Educational Supplement* (19.7.2002) M. Shaw, 'Sheffield PFI Runs into Trouble'.

[32] *Times Educational Supplement* (12.7.2002) J. Slater, 'PFI Flagship Runs into an Audit Committee Storm'.

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into £180 million of public money spent renegotiating PFI contracts to build and run hospitals, schools, prisons and courts in 2006 reveals 10-fold differences in payments for similar tasks', according to the National Audit Office.

[34] *The Guardian* (11.2.2002) H. Stewart, 'PFI Fails to Deliver'.

[35] *The Guardian* (28.6.2005) G. Monbiot, 'Our very own Enron'.

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[41] *Times Educational Supplement* (21.3.2003) D. Hinds, 'Don't Let Them Start the Job without You'.

[42] Ibid.

[43] *Times Educational Supplement* (28.10.2005) M. Shaw, 'Behind Façade of Grand Design'; 'A report in Summer 2006 by the commission for Architecture and the Built Environment (CABE) found that nationally only 1 in 5 schools built since 2000 were of excellent design. Nine out of 10 of the worst were built with PFI money.' *Education Guardian* (23.1.2007) M. Wainwright & P. Curtis, 'Future Schools, Present Problems'.

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[48] *The Guardian* (8.11.2005) T. Macalister, 'Must Try Harder; PFI school report reveals failings'.

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[51] *The Guardian* (24.5.2005) T. Macalister, 'Jarvis Shareholders Almost Wiped Out'.

[52] *Times Educational Supplement* (9.1.2004).

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[55] *Times Educational Supplement* (22.7.2005) L. Parry, 'Brighton May Pay Price for PFI College Closure'.

[56] *Times Educational Supplement* (24.10.2003) D. Lepkowska & K. Thornton, 'Private Finance Builder Goes Bust'.

[57] *The Times* (27.1.2003) M. Court, 'Hidden Debts Raises New Fears on PFI Contracts'. The article explains the relevance of SPVs as follows: 'Off-balance-sheet debt is the term for a company's borrowings that do not appear as part of group debt on the company's balance sheet. The off-balance-sheet debt of a PFI contractor is non-recourse, so that if the SPV carrying out a PFI goes bust, then the contractor is not responsible for debts, "SPVs have massive operating interest payments so if an SPV is not generating the profits there could be big trouble"'.

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[70] *The Economist* (15.5.2010) 'The Tube Upgrade Deals'.

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