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El article

Crisis for a flagship policy?

The EFA is repackaging three batches of PSBP schools – but why weren't there any bidders in the first place, asks Sunniva Davies-Rommetveit

The coalition's flagship Priority School Building Programme (PSBP), much like its predecessor, Building Schools for the Future (BSF), has not fared particularly well. Former education secretary Michael Gove scrapped BSF – a UK-wide £55 billion school refurbishment and reconstruction project instigated by Labour – just 54 days into his role. It took him slightly longer – more than a year in fact – to come up with its replacement, PSBP. The much more modest £2 billion project has been under scrutiny ever since.

The big issue, as a Royal Institute of British Architects (RIBA) report this summer describes, is that PSBP is advancing at an "alarmingly slow" pace. Currently, renovation work has only begun on 42 of the 261 schools singled out for repairs by 2017. This is while Britain's schools are "crumbling", with 80% of 29,000 in operation "beyond their shelf life".

There are a number of theories as to why, but last month Building added another to the pot. The property journal revealed that Education Funding Agency (EFA) has recently failed to attract contractor bids for three PSBP school batches in Lambeth, Havering and another unknown location. Individual batches can be valued between £25 million and £75 million – but it is rumoured that some contractors think the price set by the EFA is too low to make any real profit.

In May, too, BAM Construction was pulled from a £46 million London schools package after disagreeing with the EFA on pricing. The construction company had originally agreed to a £75 million deal with the EFA to build eight London schools. Five were taken back by the EFA, however, after a disagreement on the pricing of two of them, which BAM said would mean the schools would be built at a loss.

This may sound like the EFA trying to cut corners, but there is also evidence to suggest contractors are being a bit too demanding themselves.

For one thing, despite there being less money on the table than the good old BSF days, PSBP is still generating a lot of interest among contractors. BAM quickly moved on from the blip with the EFA, securing preferred status this July for the second batch of Hull and East Riding priority schools, worth around £38 million.

And Kier Group subsequently took over the five London schools BAM had walked away from in May. In its annual results Kier reported a year-on-year revenue increase of 51% to £3 billion and underlying operating profit increases of 58%. This was at least in part due to the fact it had won "a place on all six lots of the Education Funding Agency regional framework for school building and upgrades".

Regardless of who's to blame, a solution needs to be found to this problem and pronto. The DfE has two and a bit years to complete repairs in 261 schools but it's shockingly behind schedule. If contractors get scared away, then it's even less likely the government will hit its target.



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