

Report to CABINET

PFI - Blessed John Henry Newman College Heating Improvements

Portfolio Holder:

Cllr Abdul Jabbar MBE, Cabinet Member for Finance and
Corporate Services

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27th January 2020

Reason for Decision

To update Cabinet on the preferred option for implementing improvements to the heating system at the Blessed John Henry Newman College.

Recommendations

It is recommended that the contents of the report are noted only, with a further report setting out the full implications to be discussed under Part B of the meeting and the preferred option agreed.

1 Background

- 1.1 On 15 December 2010 a contract was agreed between Oldham Council and Oldham BSF Limited (PFI Contractor) to construct Blessed John Henry Newman College. Oldham BSF Limited (then owned by Balfour Beattie) completed construction in September 2012. In 2016 Balfour Beattie sold its majority shareholding in Oldham BSF Limited to an investment fund within the Amber Infrastructure Group. Since the school opened in 2012, the day to day operational management of the school has been undertaken by Engie Limited (the Facilities Management subcontractor).

1.2 Following practical completion of the School in 2012, several building defects became apparent including:

- Issues with the heating system,
- Roof leaks in the atrium area,
- Inability to control temperatures in certain rooms due to a variety of factors.

1.3 Heating System

1.3.1 Between 2015-2017, works have taken place to improve the heating system.

1.3.2 In late-2017, Oldham BSF Limited committed to undertake and finance remedial works to improve the heating system across the School.

1.3.3 In April 2019 the Council was informed that Oldham BSF Limited was no longer prepared to finance the works until the outcome of an adjudication with its subcontractors was known. The adjudication process is intended to establish liability for the rectification works. At this time, the adjudicator's decision has been repeatedly delayed from summer 2019 to January 2020.

1.4 School's Position

1.4.1 The Head and Governors are extremely frustrated at the longevity of the problems and the inability of various parties to remedy. These matters have impacted on the smooth operation and educational provision of students in their care

1.5 Deductions

1.5.1 The remedy of failing to rectify building defects and other performance shortfalls is by way of deducting monies from the monthly Unitary Charge that the Council pays to the Contractor. To date, the Council has levied deductions in respect of the building issues and other service performance shortfalls.

2 Current Position

2.1 The Council has commissioned an external contractor to carry out a full investigation to assist with implementing improvements to the heating system.

2.3 In December 2019 the Council set out its required expectations and actions of the PFI Contractor from January 2020.

2.4 The Council can confirm works have been carried out over the Christmas period. It is recognised this is a short-term solution and the longer-term solution required is detailed in the Part B report.

3 Options/Alternatives

3.1 There are a number of options available to the Council and these can be summarised as follows;

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- **Option 1** - Continue to monitor the contract and levy deductions where applicable.
 - **Option 2** - The Council prepares for implementing improvements to the heating system using its own subcontractor;
 - **Option 3** - Issue a formal warning notice to the Contractor with a view to ultimately terminating the contract.

4 Preferred Option

4.1 Option 2 is the preferred option.

5 Consultation

5.1 Members of the PFI board including Cabinet Member for Finance and Corporate Services, Chair (Deputy Chief Executive), Headteacher and school governors have been consulted.

6 Financial Implications

6.1 These are detailed in the report due to be considered under Part B of the meeting

7 Legal Services Comments

7.1 These are detailed in the report due to be considered under Part B of the meeting.

8 Co-operative Agenda

8.1 The proposal will improve the learning environment for children within the Oldham Borough.

9 Human Resource Comments

9.1 None

10 Risk Assessments

10.1 These are detailed in the report due to be considered under Part B of the meeting.

11 IT Implications

11.1 None

12 Property Implications

12.1 These are detailed in the report due to be considered under Part B of the meeting.

13 Procurement Implications

13.1 These are detailed in the report due to be considered under Part B of the meeting.

14 Environmental and Health and Safety Implications

14.1 These are detailed in the report due to be considered under Part B of the meeting.

15 Equality, Cohesion and crime implications

15.1 None

16 Key Decision

16.1 Yes

17 Key Decision Reference

17.1 FCS-24-19