

FOR IMMEDIATE RELEASE AUGUST 2009

Building Schools for the Future – UK 2009-2023

Significant new AMA report reviews the government's Building Schools for the Future Programme and considers future developments

"The DCSF has been over-optimistic about how quickly **BSF** could be established and indicated the timetable over the next 11 years was a "real challenge. The Programme is considerably **behind its schedule** of 100 schools completed by the end of 2008, with just 78 schools built & open, 90 schools under construction and 1,200 schools in the procurement pipeline. However, while output is increasing, to renew all 3,500 schools by 2023 will require the renewal of 250 schools a year on average from 2011 onwards – a 50% increase in the number of schools currently being delivered under BSF.

Going forward, the government's drive under BSF to rebuild or refurbish 250 schools in England between 2011 and 2023 will offer significant workloads for contractors over the next few years and tendering for schools under Waves 7-15 could begin within the next 12 months."

A brief summary of the report is included on the following page.

Priced at £650, the report is currently available from AMA Research Ltd, Telephone 01242 235724 or e-mail at sales@amaresearch.com.

Editors Note:

Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

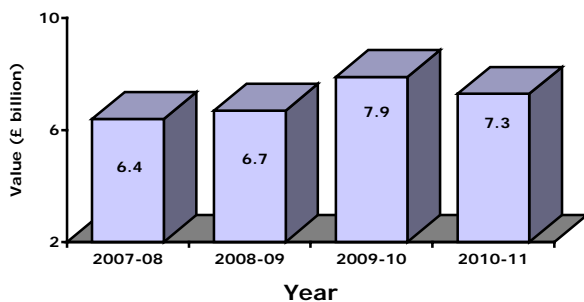
If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Andrew Hartley or Chris Moore on (01242) 235724.

Please include our web address and telephone number on any review printed, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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School Buildings Capital Expenditure 2007-2011 (£ billion)



Education is one of the Government's priority areas for spending and there has been a considerable increase over the last 5 years.

Total UK education spending for all sectors currently stands at around £82 billion in 2008-09 and is forecast to rise to around £92 billion in 2010-11 (of which around £75 billion will be in England).

The Government is investing £21.9 billion of capital into the school estate between 2008 and 2011 including buildings and ICT allocated to the DCSF as part of the Comprehensive Spending Review (CSR) 2007. Over the last 12 years, capital expenditure on school buildings alone has risen from under £700 million in 1996-97 to £6.7 billion in 2008-09 and will rise to over £7.3 billion in 2010-11.

The BSF Programme as a whole was originally estimated to be worth around £45 billion, although a recent National Audit Office (NAO) investigation now concludes that the **total capital cost** will now be somewhere between £52 -55 billion - a potential 20% increase from previous estimates.

The DCSF has allocated significant capital to BSF and in 2008-09 the Government invested £2.9 billion. Of this amount, around 45% or £1.3 billion was financed using the PFI, mainly for new build projects and around £1.6 billion came from conventional funding and will be used mainly for refurbishment projects. Total investment in the Programme over the three years to 2011 is expected to total around £9.4bn, averaging around £3.1bn per year

The private sector is showing considerable interest in BSF and there are now over 20 consortia bidding for BSF projects. There is a diverse spread of expertise within those consortia, with a general shift away from traditional PFI schools with contractor-led consortia to those with a more balanced representation including ICT and education specialist partners.

The DCSF has been over-optimistic about how quickly **BSF** could be established and indicated the timetable over the next 11 years was a "real challenge." The Programme is considerably **behind its schedule** of 100 schools completed by the end of 2008, with just 78 schools built & open, 90 schools under construction and 1,200 schools in the procurement pipeline. However, while output is increasing, to renew all 3,500 schools by 2023 will require the renewal of 250 schools a year on average from 2011 onwards – a 50% increase in the number of schools currently being delivered under BSF.

Going forward, the government's drive under BSF to rebuild or refurbish 250 schools in England between 2011 and 2023 will offer significant workloads for contractors over the next few years and tendering for schools under Waves 7-15 could begin within the next 12 months

Many schools, however, are preparing for cuts to public spending beyond 2011 amid warnings that the government's bail-out of the banks will severely compromise the financing of education services for years to come. The Treasury said it was still committed to the 1.2% increase in spending from 2011 promised in the Pre-budget Report, but the Conservatives say they would reduce public spending from 2010 to avoid tax rises if they win a general election and capital spending in the education sector would be a likely target for cuts. However, against a backdrop of fewer construction deals closing because of economic downturn, Building Schools for the Future still continues to offer a relatively secure pipeline of work for the construction industry and associated contractors and material suppliers.

AMA Research's report "**Building Schools for the Future– UK 2009 - 2023**" is available in hard copy or electronic format for £650 and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.