

Effectively Managing Closeout of PFI Contracts

Education Estates

October 2025

Introductions



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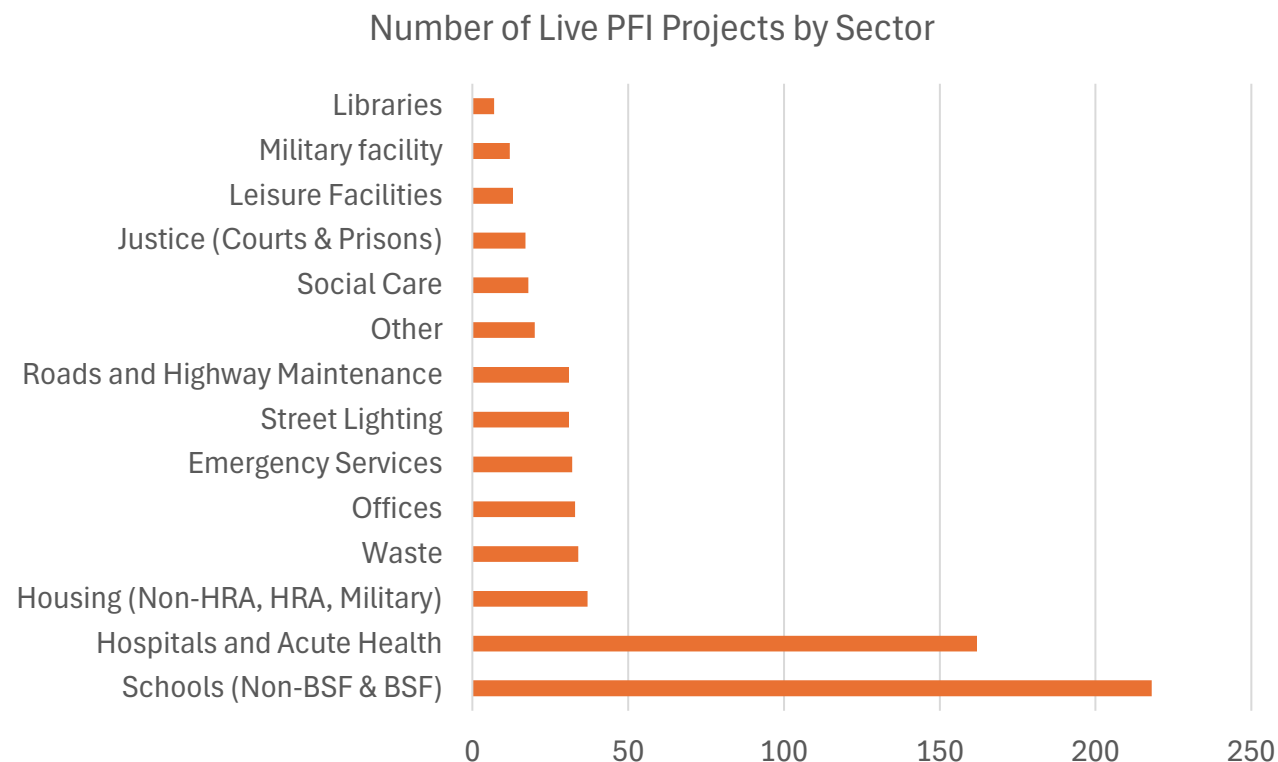


Paul Jones
Chief Operating Officer
Learning Community Trust

PFI's were used extensively to modernise the education estate

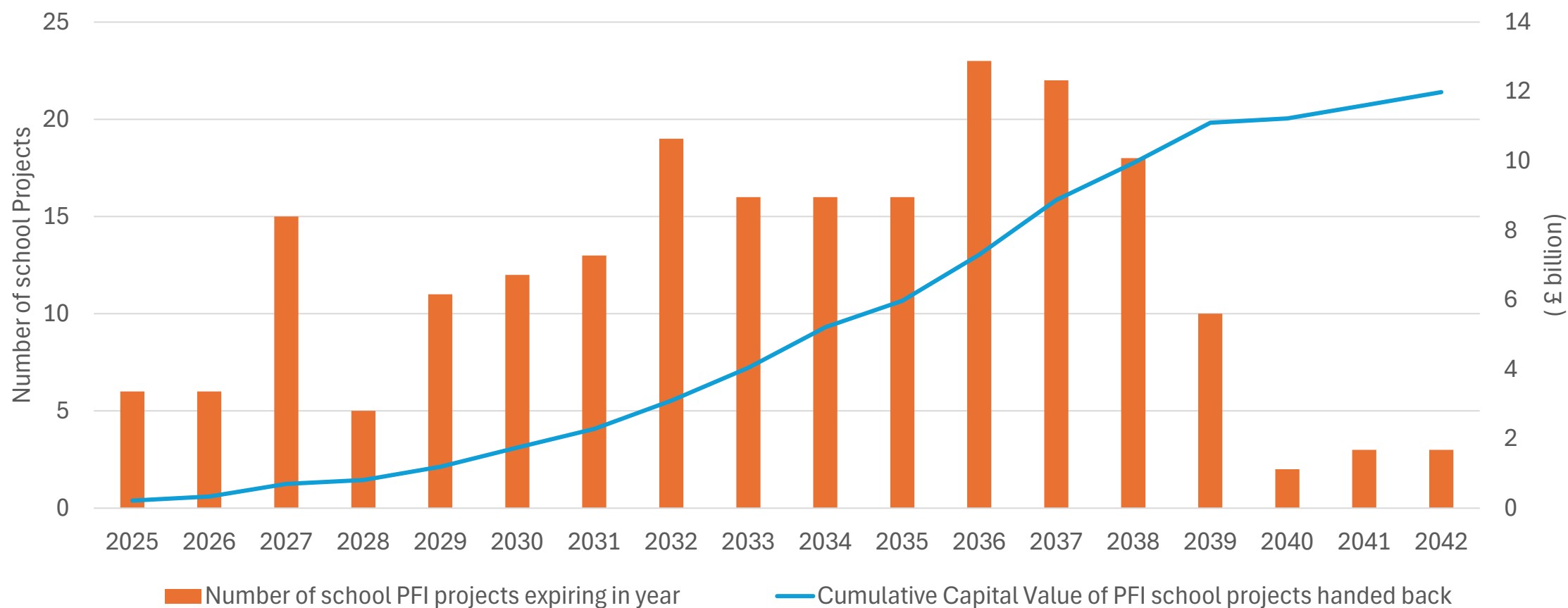
There are more live PFI projects in education (218) than in any other sector, and they cover a total capital value of over £12 billion

- The large number of smaller PFI projects, across smaller Trusts and Authorities, makes proactive management of PFI's and the deployment of suitably experienced experts particularly difficult in the education sector.
- Arcadis' experience supporting some of the largest government PFI expiries has shown condition disputes alone can amount to as much as 34% of the original capital value at construction.
- The education sector could therefore risk accepting as much as **£4 billion in unseen backlog maintenance liability**.



The education sector is now facing a tsunami of PFI hand-backs

All 218 school PFI projects are expiring within the next 17 years, with over £23 billion still to be paid in Unitary Charges



Challenges & risks of PFI Expiry



Nearly **HALF** of authorities **unhappy with asset condition** post expiry



QUARTER of PFI contracts **do not reference condition of assets** upon expiry

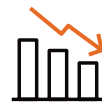


Activity to prepare for PFI expiry should start **7 years before expiry**



60% of Authorities recognise **a need to recruit external consultants** to support

10 key challenges for clients preparing for PFI hand-backs where we can support



Lack of focus & prioritization due to immediate pressures, budget cuts / capability gaps, well below 7y guide



Energy costs & decarb driving a different focus for post-expiry asset strategies



Asset Condition & Lifecycle analysis for current PFI performance is key to shaping the post-expiry strategy



Post-expiry Supply Chain strategies, inc TUPE, need planning and structuring



Post-expiry investment opportunities under-developed e.g. lease restructuring



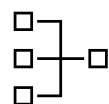
Lean clients in procuring authorities, with new skills and significant capacity required



Future Target Op Model not defined, including change management across people, behaviours and culture



Data transfer and future data and digital needs (CAFM/ EAM) not being adequately planned for



Unclear contracts lacking clear provisions on handback and liabilities, leading to ambiguity



The clock is ticking – where to start and how to drive the narrative across broad stakeholder groups

Preparation for PFI expiry should commence at least 7 years out

Allowing adequate time for planning, detailed surveys, negotiations, and delivery in line with NISTA (formerly IPA) guidance.



Arcadis PFI Projects

Driver and Vehicle Licensing Agency
PFI Expiry, Surveys & Future FM Services



Cambridgeshire County Council (School)
PFI Contract Management



London Borough of Lambeth (Residential)
PFI Technical Advisor



Cleveland Police Authority
Tactical Training Centre PFI Expiry & Survey



Defence Infrastructure Organisation
MoD Main Building & HMS Drake PFI Expiry



NISTA (formerly IPA)
PFI Support & Health Check Diagnostic Tool



**National Infrastructure
& Service Transformation
Authority**

Arcadis Education Projects

University of Southampton
FM Compliance, PPM, & Asset Strategy Review



Telford Schools, Hadley Learning Community
PFI Lenders Technical Advisor



University of Essex (residential)
Facilities Management & Lifecycle Support



University of Cambridge
FM Procurement for Non-operational Estate



UCL, Dementia Research Institute
Whole Life Cost & BREEAM Assessment



Sheffield Schools, Paradigm PFI
Asset Condition Surveys & Lifecycle Reprofiting



PFI School Contract Management

Cambridgeshire, United Kingdom

Arcadis are appointed to provide contract management support to a local Authority on a PFI BSF project, providing assurance and technical support.

Client

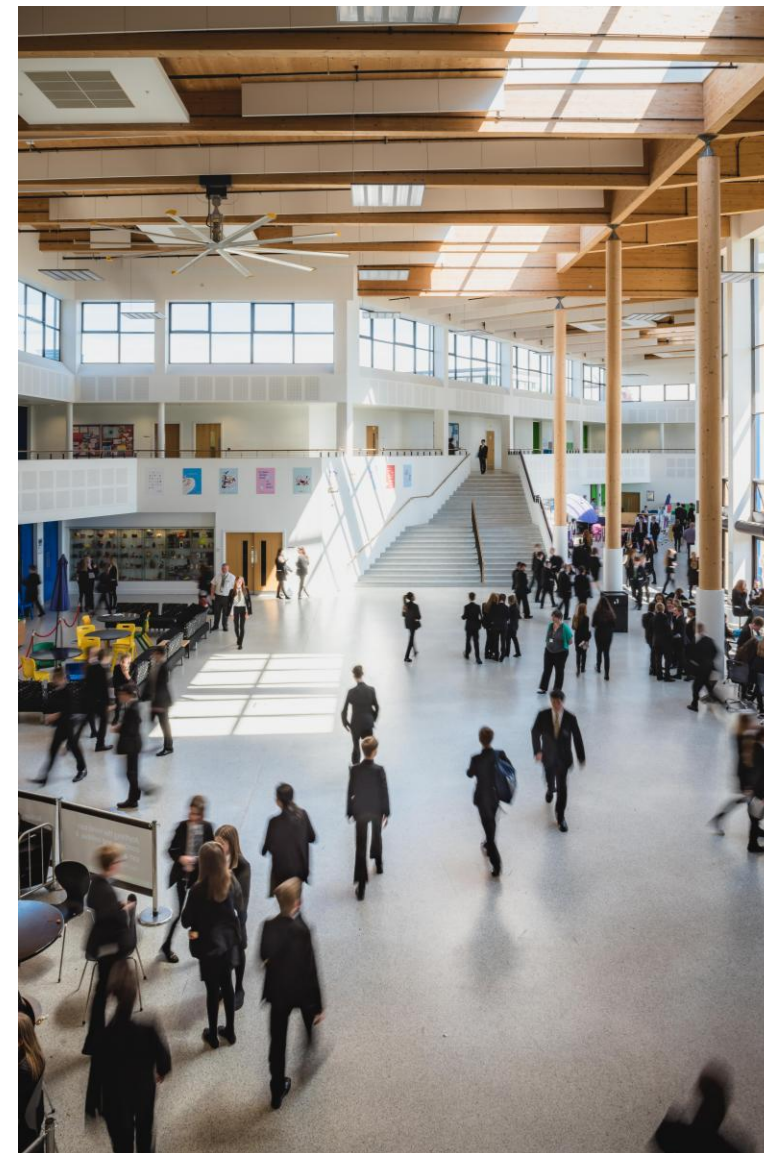
- Cambridgeshire County Council

Services

- Review of the monthly FM Co report and data.
- Attendance to Client Liaison Meetings and engaging with all parties of the Project.
- Review and approval of the monthly Unitary Charge, deductions and pass through charges.
- Assessment of damage, contract variations, and performance issues.
- Providing assurance and reviews of Lifecycle and Maintenance plans and annual energy reconciliation.

Project data

- Date: April 2025 – Present



NISTA, Provision of PFI Technical Support

National, United Kingdom

Arcadis were instrumental in developing the PFI Diagnostic Health Check Tool and guidance for public sector bodies managing PFI Projects.



National Infrastructure
& Service Transformation
Authority

Client

- National Infrastructure & Service Transformation Authority (formerly Infrastructure and Projects Authority)

Project Data

- Date: 2021

The Challenge

The Infrastructure and Projects Authority (IPA, now NISTA), recognized the complexity of PFI contracts, the challenges that Procuring Authorities faced in management and the tidal wave of PFI contracts expiring over coming years. NISTA required technical support to understand and assess these challenges.

The Solution

Arcadis were appointed to provide expertise and insight relating to the asset focused aspects of PFI contracts across a range of sectors, with particular focus on the issues and risks to Authorities and foreseeing some of the complex issues that require consideration ahead of PFI hand back.

Arcadis were instrumental in developing a 'Diagnostic Health Check Tool', supporting guidance and scoring mechanisms, allowing for the assessment of technical aspects of PFI projects that require consideration ahead of contract expiry.

Considerations included:

1. Availability and quality of information
2. Asset Condition (building fabric & services)
3. Lifecycle and forward maintenance plans
4. Comparison of findings against contract requirements

Arcadis undertook a series of early health checks on behalf of the NISTA, to support the testing and calibration of the hand back tool, covering healthcare, defence, and central and local government.

Arcadis undertook two deep dive PFI reviews on behalf of NISTA, including comprehensive condition surveys, to understand the performance of the contracts and areas for improvement, including a £350 million capital spend acute hospital in the Midlands and a high security London office building.

The outputs and findings of the commission were presented at CEO level within the NISTA.

Impact

EHC diagnostic tool

developed to assess preparedness for expiry

Tool calibrated and tested

through the delivery of early health checks

Acute hospital & office reviewed and surveyed

covering fabric, MEP, and contract performance



We help the public sector navigate the complexity of PFI arrangements and prepare for hand-back.

Are you ready?



Complete a 1 minute survey via this QR code to find out how ready you really are.

Did you know?

- In total, the UK has around 700 PFI contracts with capital values totalling almost £55 bn
- Over the next ten years more than 300 assets will be handed to the public sector
- PFI contracts cover a wide range of asset classes, including schools, offices, highways, hospitals, waste infrastructure and complex military systems

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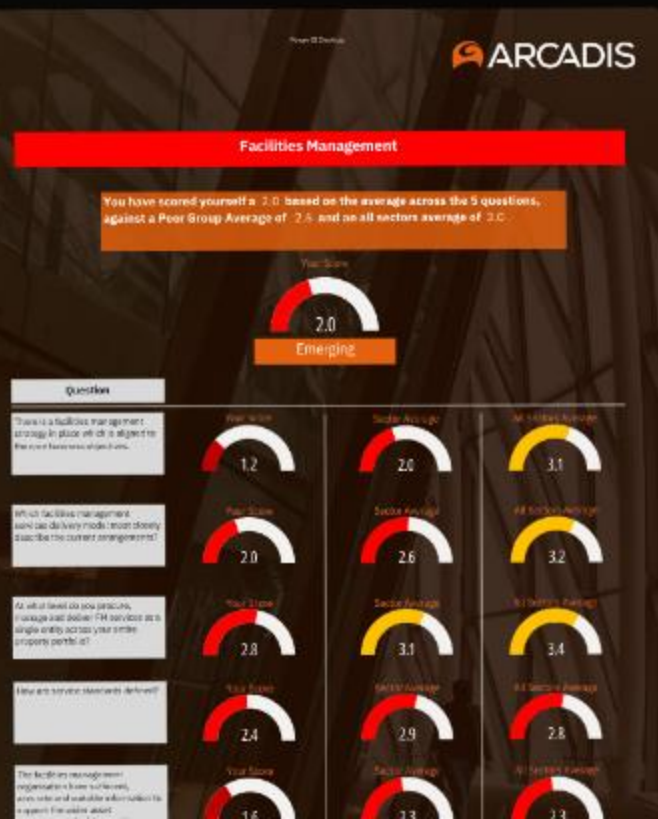
Arcadis. Improving quality of life

Asset Optimisation Maturity Assessment

Drive smarter decisions with a powerful snapshot of asset maturity.

- **Fast and Focused.** A concise question set completed in under 20 minutes.
- **Business-Aligned.** Assesses how well corporate real estate supports core business objectives.
- **Comprehensive.** Evaluates performance across all five pillars of asset optimisation.
- **Benchmark-Driven.** Compares maturity against peer organisations to highlight improvement areas.
- **Strategic Insight.** Serves as an early diagnostic to guide portfolio strategy and identify support needs.

Asset Optimisation
Client Maturity Assessment



Scan the QR Code or visit bit.ly/ArcadisAOMaturity to access the Arcadis Asset Optimisation Maturity Self-Assessment Tool.





Department
for Education

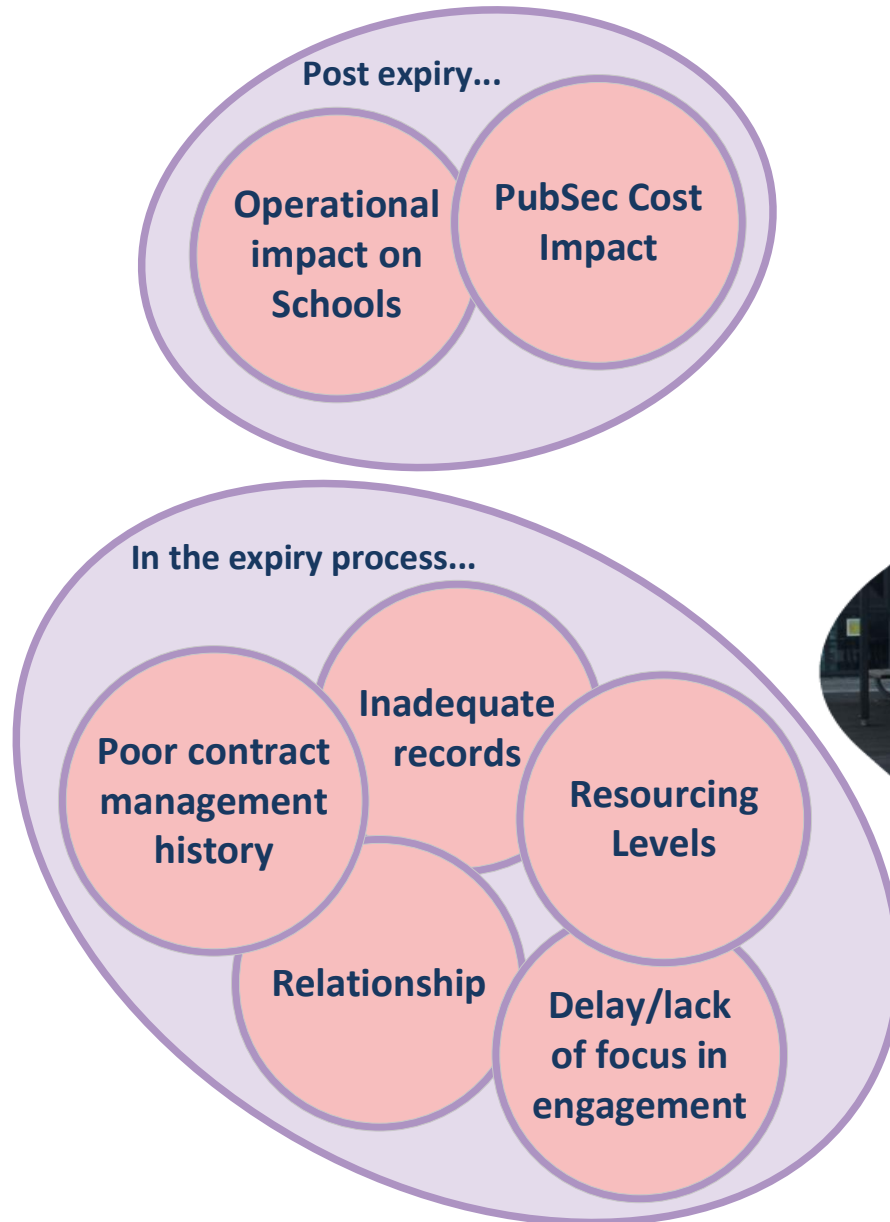
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**Department for Education
Expiry Programme- Lessons
Learnt**

Key Risks



Condition and Compliance Themes

Element	Sub-element
Fire Related Issues	Fire Doors
	Fire Stopping
	Aligned Fire Strategy
	Fire Dampers
	Fire Alarm Cause & Effect
Ventilation	Duct Cleanliness
	Ventilation Components/ Performance
MEP	LTHW- heaters, pumps, boilers, chemicals
	Integrated Systems/ BMS
	Lighting - Internal, External & Emergency
	Electrical Services
Building Fabric	Roof Integrity
	Project Specific Asset (MUGA's, pitches etc.)
	Flooring and Wall Finishes
	FF&E

Victoria Dock Primary School- Positive outcomes



Early fire compliance reviews embedded into future survey briefs.



Missing fire strategy and drawings were retrospectively created.



Fire consultants integrated early for technical due diligence.

Victoria Dock Primary School



Non-compliant fire works were identified and fully remediated.



Victoria Dock Primary School

Positive outcomes



Engagement tracker ensured clear documentation and accountability.



SPV held to contractual obligations through structured evidence.



Digital portal established for secure handover documentation.



Stakeholder collaboration strengthened through resolution process.



ERQs supported statutory and contractual compliance tracking.



Lessons learned shaped wider programme strategy and delivery.

Highlands School Positive outcomes



Early Engagement: DfE Expiry team engaged five years before contract expiry, working with the responsible body and private sector.



Initial Improvements: Some early wins included lift control panel replacements and external repairs.



Detailed investigations where condition of elements is disputed.



Highlands School Positive outcomes



Escalation Due to Delays: DfE funded additional surveys and escalated concerns to SPV directors and investors due to slow progress.



Goodwill Gesture: SPV contributed to sports field drainage replacement, despite it not being a contractual obligation.

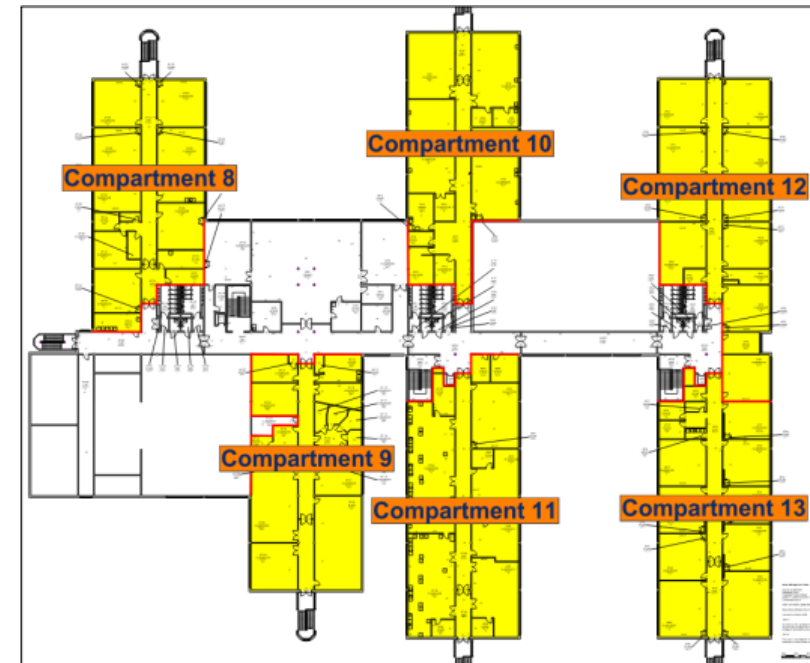
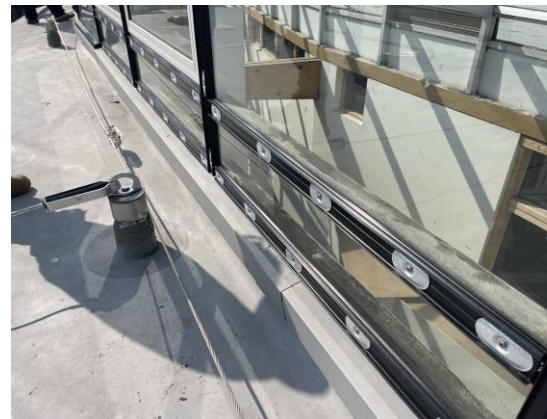
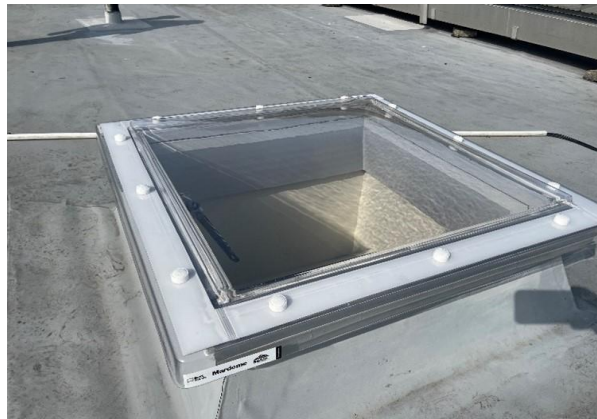
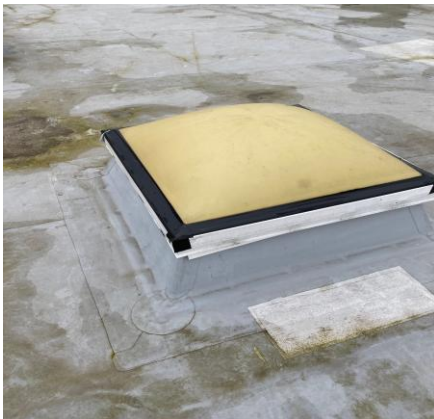


Figure A2.3 – Schematic of the first floor showing the assessed compartments

Cardinal Heenan School Positive outcomes



Early agreement on condition issues such as the roof meant rectification before expiry.



Cardinal Heenan School

Positive outcomes



Positive public-private sector relationship



Early agreement of handover documentation



Jointly agreed final survey scope and contract coding. Resulted in identified works being completed to the required standard in advance of expiry.



Strong governance and communication were critical to successful expiry.

Consistent themes impacting the public sector

Not all contracts were created equal

A broad spectrum of overall project health, with a variety of variables not simply determined by geography, stakeholders or size of project

A lack of available resource and day to day ownership

A lack of available documentation, with poor monitoring of the contract, and subsequent variations

Overall awareness of impending expiry, but without a firm idea of how it will be executed, partly due to the vintage of contract

Poor contract management, feeds complacency, and leads to poor assets

The potential for a collaborative expiry process

Must get the basics right first:

- Maintenance standards, statutory compliance and condition driven LC planning a priority
- Internal and external technically skilled resource
- Enforcing rights and remedies during the latent defect period and beyond

Collaborative approach requires transparent and efficient communication, with a focus on tackling the issues proactively

- All parties won't agree on everything, but it's important to have effective dialogue that remains professional and targeted on the expiry goals

The approach must always be robust, and measurable

- It requires an effective programme to guide all parties

Expiry progress is time critical

- Contractual expectations are unlikely to leave enough time

