

# Run-down schools in Stoke-on-Trent, England withhold payments to private corporations raking in millions

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Head teachers in schools in Stoke-on-Trent, England who are withholding payments to Private Finance Initiative (PFI) companies face threats of legal action from the Labour Party-run city council.

The school leaders are taking unprecedented action so pupils and staff can occupy a safe learning environment with all amenities in good working order—against multinational corporations raking in millions in profit for shoddy, substandard work.

A BBC News investigation spanning a year learned from Freedom of Information (FOI) requests said that “42 of the 88 schools involved are now withholding payments to the contract.”

The BBC also found that “35 of those schools received a letter from Stoke-on Trent City Council threatening them with legal action in January.”

In Stoke, just a few of its 88 schools were built by PFI companies; the rest, however, are tied into 25-year PFI contracts for cleaning, catering and maintenance. The contracts end in October, with almost 3,000 reported issues unaddressed. According to the BBC, “schools fear the private firm will walk away, leaving behind a huge repair bill for work not completed.”

School leaders say they may have to lay off staff to fund the work themselves, a prospect the National Audit Office warned about five years ago.

PFI schemes were a Thatcherite initiative launched under John Major’s premiership (1990-1997) before being massively expanded by Tony Blair’s Labour government (1997-2007). They ended in 2018 after multinational construction company Carillion, a leading PFI player, collapsed in spectacular fashion.

Contracts were set up between public bodies such as local authorities or hospital trusts and the private sector to finance, design, build or refurbish schools, roads,

hospitals and provide the catering, cleaning, IT services and building maintenance. Some contracts just covered the latter services.

Rather than the government borrowing for new builds, private companies and investors fronted the bill. They are then paid an annual fee out of the school or hospital’s budget over a 25-30-year period. At the expiration of the contract, ownership reverts to the public sector.

The 700 PFI contracts sealed since the early 1990s are cash cows for the companies involved. According to The King’s Fund think tank, as of February last year, £160 billion was still to be paid across all outstanding contracts, of an estimated lifetime cost across all contracts of £306 billion—for public assets worth roughly £57 billion.

Not only has the taxpayer been fleeced, but construction has proved substandard and buildings ill-maintained.

The Stoke-on-Trent schools are tied into a contract with Transform Schools (Stoke) Ltd (TSSL), which outsourced cleaning, catering and maintenance to company Equans. Stoke’s was the largest education PFI contract entered into and is one of the first to expire, showing what awaits hundreds of public assets.

The BBC visited Our Lady and St Benedict primary school, where it found part of a classroom cordoned off, with plaster falling from damp walls and a hole in the ceiling. The school spent years trying to get repairs, which by the terms of the contract must be done by Equans.

Head teacher Sarah Clowes said that among 300 unresolved structural issues “heating is her biggest headache”. A new boiler broke down, and younger children were sent home while older pupils had to wear coats in the classroom. When it broke down for the second time, all pupils were sent home.

Of the nearby St Margaret Ward Catholic Academy, the BBC reported that “the exterior render on the building is

stained green with damp and is coming away in places. Inside, there is a huge stain where water comes through from the roof to the ground floor.” Only one of three pumps that supply the school with water works.

Ian Beardmore, chief executive of Newman Catholic Collegiate comprising six primaries and one secondary school, told the BBC the PFI charges paid over 25 years were “astronomical”. To maintain a single plug socket, the school was charged £400 a year. Its removal cost £500. £1.8 million in repairs remain outstanding.

Equans, operating in 17 countries, was taken over by the Bouygues group in 2022. In 2023, the group registered net profits of 1.04 billion euros.

Problems are not confined to Stoke-on-Trent, blighting many of the 900 PFI-built schools. Newman Catholic College in Oldham, a PFI build which opened in 2012, has been plagued by maintenance issues ever since. Oldham BSF Limited, majority owned by the Amber Infrastructure group, also outsourced the work to Equans. The heating and water systems break down, disrupting lessons and exams.

Head teacher Glyn Potts said councils lacked the funding to challenge the “really large corporations with significant financial backing” to enforce the outstanding remedial work. PFI contracts are “so complex” that it is “almost impossible” for the council to chase up repairs.

Lancashire County Council is in an £11 million legal battle to ensure PFI companies make good their contractual obligations.

Head teacher of Middlefield primary in Liverpool, David Potter, complained to the BBC that 20 percent of the school budget went on maintenance, catering and cleaning. Costs rose by £151,000 to £470,000 between 2021 and 2024.

Charges included an exorbitant £30,000 a year “to keep its playing-field grass below 2.5cm (1in) as the ‘rigid’ contract demanded.” The council said legal fees are prohibitively expensive to renegotiate with the company. Budget cuts and excessive PFI charges mean the school has had to shed four posts since 2020.

Some head teachers were unable to speak to the BBC as they are gagged by non-disclosure agreements.

According to the National Education Union, PFI schools are spending around £400 million annually on interest charges alone, aside from repayments of initial building costs, maintenance and service fees. With interest payments tied to the Retail Price Index (RPI) inflation rate—a higher measure than the CPI rate—schools face mounting debts as increases to school funding lag behind.

According to the BBC, PFI charges have increased by 25 percent since 2010.

The Institute for Fiscal Studies estimates that this year’s rise in school budgets of 2.8 percent from central government is well short of the 3.6 percent rising costs, especially when factoring in teachers’ albeit puny 2.8 percent pay award for 2025-2026.

The eight companies which control 80 percent of all PFI school projects have so far made over £1 billion in profits, distributing £300 million in dividends between 2005 and 2022.

Most outrageous are the profits generated from schools which sit unused, with SchoolsWeek revealing some councils are locked into contracts for shuttered buildings.

Wirral council is footing a bill of £867,500 a year until 2031 for Kingsway Academy, closed in 2018 due to low pupil numbers. PFI owner Wirral School Services made £2.1 million profits in 2019-2020 and paid £917,000 to shareholders.

Liverpool City Council pays in excess of £4 million annually for the unused Parklands High School. When the contract expires in 2028, the council will have paid £47 million.

Schools in Stoke-on-Trent are right to withhold payments from these corporate looters. All schools, hospitals and roads under PFI contracts should be taken into public ownership immediately, with no compensation for the super-rich investors fattening themselves on public money.

Building a movement against the PFI vultures will have to be done in opposition to the Labour government overseeing the disaster authored by its Blairite predecessors, and to the trade union bureaucracy which has done nothing to oppose it. This writer could find no reference to the protest of head teachers in Stoke-on-Trent by the National Association of Head Teachers or the Association of School Leaders, whose members may well face victimisation for the principled stance they have taken.

To share your own stories of the PFI rip-off in education and to discuss a worker-led fightback against the crisis in education, contact the Educators Rank-and-File Committee. Sign up for our newsletter here.



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