

SLOUGH SCHOOLS' FORUM
14th June 2016

PFI Proposal 2017-18
(Directorate of Wellbeing)

1 PURPOSE OF REPORT

- 1.1 To ask Schools' Forum for permission to use £500k from the DSG's School Block to fund the PFI affordability gap from 2017-18.

2 RECOMMENDATIONS

- 2.1 That the Schools' Forum support the Council and agrees to fund the affordability gap from the School Block budget from 2017-18.

3 BACKGROUND

- 3.1 Schools' Forum will be aware that the Council presented a report in May 2015 which considered the options to reduce the funding pressure arising the School's PFI scheme on the overall Slough taxpayer. This report recommended a number of options with varying contributions from the DSG. Schools' Forum did not support any these options.
- 3.2 Since then there has been a number of developments. These are described below:
- 3.2.1 Council's Financial Outlook
The Council expects to make savings of over £12m in 2017/18. This is part of a series of budget reductions required to bring the Council's expenditure down by at least **35%** over the current Medium Term Financial Planning cycle in line with the national government's funding decisions. As a result, all areas for making savings to the Council's General Fund budget are being examined, again.
- 3.2.2 Academy Conversion of 2 PFI mainstream schools
Both mainstream PFI schools have now been approved to become Academies with an expected conversion date of 1st September 2016. This has brought into sharp focus the need to address **now**, how the funding for PFI is treated by the Council as it is best that these arrangements are finalised now before conversion takes place.
- 3.2.3 Planned Introduction of a School National Funding Formula
The School National Funding Formula (SNFF) will be an agreement between the DfE and the Schools with Local authorities having no involvement in schools funding. The EFA currently has no policy on how to treat or access the Local Authority General Fund budgets.

Accordingly, the Council has received clear advice from the DFE to bring this matter back to Schools' Forum and request that the funding for PFI is brought within the Council's DSG.

4 REASONS FOR RECOMMENDATIONS

As a result of the developments above the Council has considered these matters and have decided to come back to Schools' Forum with the recommendation that the PFI funding is taken from the Schools Block. The reasons for this recommendation are set out below:-

- 4.1 **The School National Funding Formula (SNFF)** - will change the landscape for schools' financing. The current arrangements in Slough are likely to be out of sync with the new proposals and furthermore, Local Authorities that delegate funding via the Schools Block will be in a more transparent place when the non-recoupment funding formula is designed in the future.
- 4.2 **EFA Requirement.** The EFA guidelines indicate that other Local Authorities fund the PFI affordability gap from the School block DSG.
- 4.3 **Academisation** - At present the budgets are allocated on a recoupment basis, in future due to the above, the budgets will be calculated by the EFA with no involvement from Local Authorities. Therefore, presently, the EFA does not have a mechanism to increase the Schools' Block budget with the council's contribution, as budgets will be set on a individual basis rather than at local levels.
- 4.4 **Independence** - The policy of the DfE is to make all schools independent from the Local authority control. With Slough's current PFI arrangement, schools will not be free from Local Authority control. With the EFA's new way of working they would require that all schools costs and budgets are within the DSG School Block Budget.
- 4.5 **Council Savings** – Funding the PFI from the Schools block will assist the Council in achieving its savings plans to ensure that as many priority services as possible can continue to be delivered in the future.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 Not applicable.

5 SUPPORTING INFORMATION

5.1 Not applicable.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

6.1 Borough Solicitor

The relevant legal provisions are contained within the main body of this report.

6.2 Section 151 Officer – Strategic Director of Resources

The financial implications of the report are outlined in the supporting information.

6.3 Access Implications

There are no access implications.

7 CONSULTATION

7.1 Principal Groups Consulted

None.

Contact for further information

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