

SLOUGH SCHOOLS' FORUM
6 March 2018

Directorate of Children Learning and Skills

PFI Update Report

1 Purpose of Report

1.1 There is an outstanding request from Schools' Forum to explain the origins of the charge of £183,889 to the HNB. This report provides that explanation and seeks Schools' Forum agreement on whether this should remain as a charge to the Delegated Schools Grant (DSG). It also clarifies the PFI factor and the Council's contribution towards this factor.

1.2 Background

1.2.1 In 2014-15 the High Needs Block (HNB) was introduced by the Government following a review of schools funding. The first budget for HNB was submitted to Schools' Forum and it included an item labelled "contribution to PFI" for £184k. Schools' Forum sought clarification about why this sum was introduced.

1.2.2 Over the years as the new annual budgets or annual outturn reports of the HNB were tabled at Schools' Forum the question of the £184k was raised again. Several attempts were made by Council officers over the years to explain this, however these explanations were not deemed satisfactory and no adequate explanation was given as there was a lack of clarity of what this supported at that time.

2 The Introduction of the Charge to the HNB

2.1 Between the start of the PFI and 2012/13, the Council contributed a sum broadly equal to the PFI factor of approximately £800k. In 2013/14 when the HNB was introduced this contribution was split between the Schools Block and the new HNB. The Council's contribution was shared £500k to the Schools Block and £309,542 to the HNB.

2.2 The effect of this change was that the Schools Block now had a net charge for the PFI of £297k. This being the PFI Factor less the Council's contribution of £500k.

2.3 At the same time the charge to the HNB of £183,889 was introduced. This amount has appeared in the HNB budget each year since and it

has been used to help pay for the Unitary Charge. The Council contributes £309,542 to the HNB which is the balance of its contribution for the PFI Factor.

- 2.4 Although the £184k charge was reported as part of the HNB budget initially in 2013/14 and again subsequently, it was not reported in a way that allowed proper scrutiny and discussion. There should have been a proper consultation with Schools' Forum about both the introduction of this charge and the decision to split the Council's contribution over both Blocks in the DSG. This was not done and the Council apologises for this omission and the delay in putting this right.

3. The Way Forward

- 3.1 The Council is asking Schools Forum to agree that £183,889 remain as a charge to the HNB as a contribution of the cost of the PFI schemes.

This is proposed for the following reasons:

- a) It is appropriate for the HNB (DSG) to make a contribution to the cost PFI;
 - b) The Council already contributes £1.4m;
 - c) The inflation costs not related to Facilities Management are already the responsibility of the Council and under the current contract will remain this way for the next 19 years.
- 3.2 The Council is asking Schools Forum to agree that Council's contribution to PFI remains shared £500,000 to £309,542 between the Schools Block and the HNB. Moving the Council's contribution back to the Schools Block in full would increase the budget deficit on the HNB. This would confirm the School Block's contribution to the cost of PFI as £297k.
- 3.3 It is proposed that these decisions are agreed for 1 year. It is expected that in a year's time the decisions about the funding of PFI factors with the new National Funding Formula will be clearer. As will the budget position of the HNB.

4. RECCOMENDATIONS

- 4.1 Schools' Forum agrees that;
- that £183,889 remains a charge to the HNB to contribute towards the cost of the Council PFI schemes,
 - the School Block's contribution to the cost of PFI is confirmed at £297k,

- the Council's contribution to the DSG to cover the PFI factor is remains shared between the Schools Block (£500,000) and the HNB (£309,542), and
- This decision is reviewed when the new budgets for the DSG are agreed next financial year.

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 No alternative options were considered.

6 SUPPORTING INFORMATION

6.1 Not applicable

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

7.1 Monitoring Officer

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

7.2 Section 151 Officer – Strategic Director of Resources

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

7.3 Access Implications

There are no access implications.

8 CONSULTATION

See paragraph 3