

SCHOOLS' FUNDING FORUM (SFF)

SUBJECT:	Treatment of PFI funding in the 2021/22 MFG calculation
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AUTHORS:	Chris Scott – Manager, Schools High Needs and Early Years Budgets
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SUMMARY OF REPORT:	
This report seeks agreement from the Schools' Funding Forum (SFF) to pursue a disapplication request regarding the treatment of PFI funding in the MFG calculation used in the 2021/22 local funding formula	
FOR:	Decision and Information

1 Background

- 1.1 The eleven Private Finance Initiative (PFI) schools in Kent receive funding through the PFI formula factor. This funding provided by the authority is referred to as the local authority contribution and once added to the school's formula allocation is then deducted again at source and used toward the cost of the PFI contract invoices.
- 1.2 This funding and the associated cost are always matched and have no net effect on the school budget.
- 1.3 This is separate from the PFI school's contribution which is funded from the other factors to cover costs included in the PFI contract which a non PFI school would be expected to fund for itself.

2. Interaction with the Minimum Funding Guarantee (MFG)

- 2.1 The PFI funding in the formula forms part of the average per pupil funding used in the MFG calculation. If there is an increase in pupil numbers, then this element of the rate is multiplied by the new pupil number to create a higher minimum guaranteed budget than would otherwise be the case. In many cases this distortion is offset by other factors but in some cases, it results in more MFG funding than can be justified as the cost linked to the PFI factor is not increasing in tandem.

3. Disapplication Request

- 3.1 A disapplication request has already been submitted to meet the submission deadline. It has been made clear that this disapplication will only continue to be pursued with the agreement of this forum.
- 3.2 The disapplication comprises a template and an illustrative model of the issue both of which are included in the papers for this meeting. Appendix 1 provides an illustrative model.
- 3.3 In summary we are requesting to treat PFI in the same way as rates within the MFG calculation and for the same rationale as is used for the treatment of rates.

4. Feedback from schools

- 4.1 As is required, this application has been shared with the affected schools who have been invited if they wish to submit any comments they have to be presented to the forum.

5. Recommendation

- 5.1 It is recommended that the forum endorses this disapplication request.