

Dear All

SCHOOLS' FORUM - THURSDAY, 5TH OCTOBER, 2023

I am now able to enclose, for consideration at next Thursday, 5 October, 2023 meeting of the Schools' Forum, the following reports that were unavailable when the agenda was printed.

Agenda No Item

10 **Devolved Formula Capital and School Budget Update (Pages 1 - 6)**

[To receive the Devolved Formula Capital and School Budget Update.]

If you have any queries about this meeting, please contact the Democratic Services team:

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City of Wolverhampton Council

SCHOOLS' FORUM

Date	5 October 2023
Report title	Devolved Formula Capital and School Budget Update
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Summary

The purpose of this report is to inform Members of the Schools' Forum of the Devolved Formula Capital (DFC) balances held at 31 August 2023, and to note the balances held within the Local Authority's maintained schools.

Decision

Members of the Schools' Forum are asked to:

1. Note the evolved Formula Capital balances held in schools at 31 August 2023.
2. Note the update on school budget balances.

Schedule of background papers

- Conditions Grant Spend Guidance
[Condition grants spend guidance \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
- School condition funding methodology for financial year 2023 to 2024
Explanatory note
[Condition funding methodology for the financial year 2023 to 2024 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Appendices

- Appendix 1 – Maintained Schools Devolved Formula Capital Balances

1.0 Background

- 1.1 Devolved Formula Capital (DFC) grant was introduced in 2000-2001 with the aim of allowing schools to target capital funding at their own capital priorities (including ICT).
- 1.2 Each school receives an allocation which is driven by a formula, based on a lump sum, supported by a per pupil amount derived from the 2022 spring school census, or the 2021 to 2022 ILR for post 16 institutions. The pupil rate is based on the type of school, rather than the individual pupil. Therefore, a pupil in a special educational needs (SEN) resource unit in a primary / secondary school will be allocated the appropriate primary / secondary rate, **not** the Special rate).

For 2023-2024, the allocations were calculated using the January 2022 census data:

School Provision Type	Lump Sum	Phase related weighting	Non-boarding pupil rate
Nursery / Primary	£4,000	1.0	£11.25
Secondary	£4,000	1.5	£16.88
Post-16	£4,000	2.0	£22.50
Special / PRU	£4,000	4.5	£50.63

The funding is paid to the Local Authority, and is transferred to the Schools Budget, based on the individual school allocation advised the Education and Skills Funding Agency (ESFA).

- 1.3 The exception to this is for Voluntary Aided schools where the funding is paid to the appropriate Diocese and is adjusted for the VAT implications.

2.0 Grant Terms

- 2.1 The general condition of the grants is that it is used for capital purposes, such as:
- structural improvements to buildings, fixtures and fittings;
 - the purchase of capital equipment, including ICT; and/or
 - other long term improvements to the school estate.
- 2.2 Schools are expected to make best use of DFC as soon as it is received, but may choose to set aside their annual allocations for up to three years to fund medium sized projects.
- 2.3 No school can enter a deficit position with DFC though it may, at the Local Authority's discretion, be permitted to borrow grant forward from future years' funding. This is only permissible where future years' funding levels have been confirmed.
- 2.4 At present the current reporting mechanism allows for Local Authorities to extend this time limit to the end of August, to allow for local priorities. However, this cannot be guaranteed for future years, as the terms specifically refer to three years in the current guidance.

3.0 School DFC Balances

- 3.1 The report in Appendix 1 illustrates the balances held in Wolverhampton schools, as at 31 March 2023 and expenditure to 31 August 2023.

- 3.2 The DFC balance of the Local Authority Maintained Schools as at 31 August 2023 is £1,594,885 which includes the in-year allocation of £352,698.
- 3.3 13 schools are carrying balances of DFC that had exceeded three years as at 31 August 2023 and the total of this element of the DFC is £194,465.

4.0 Local Authority Reporting on DFC balances

- 4.1 As part of its annual reporting cycle to the ESFA, the Local Authority is required to provide an explanation of the DFC balances and planned usage.
- 4.2 Individual school balances are reported to the ESFA through the Consistent Financial Reporting (CFR) framework and high levels of underspend may invite further scrutiny from the ESFA, who may claw back excess balances from individual schools.
- 4.3 The Local Authority will continue to make requests from schools holding surplus capital balances for the intended use of this grant by way of annual returns. This process in 2023-2024 resulted in a return demonstrating that overall, the balance held was £206,613 less than total allowable. No clawback will be applicable however the 13 schools carrying over exceeded balances have been advised of the risk of a clawback.

5.0 School Budget Update

- 5.1 As reported at the July 2023 Schools' Forum, the total combined closing surplus balance of the 47 maintained schools in the City was £15.2 million as at 31 March 2023. This figure included three schools with deficits and 33 schools carrying surpluses in excess of the permitted thresholds of 5% for secondary schools and 8% for other settings.
- 5.2 On 10 July 2023, the Council sent a separate letter to each maintained school carrying an excess surplus to enquire about how they intend to utilise their surplus balances going forward, with a deadline of 15 September 2023 for schools to return the form.
- 5.3 These returns will be reviewed on a desktop basis initially, followed by follow up meetings with schools to discuss where appropriate. The results of this will be reported to Schools' Forum.
- 5.3 The ongoing impact of the Coronavirus pandemic led the Council into an unusual position regarding schools' surplus balances at the end of 2021-2022, the effects of which were still visible in the increase year end balances for 2022-2023. However, it is likely that the current economic climate will mean this trend does not continue in 2023-2024 and beyond. The economic picture for 2023-2024 will be considered when the review of surplus balances as at the end of 2022-2023 is undertaken.
- 5.4 Maintained schools are required to submit revised budget plans by 31 October 2023 and the monitoring of excess surplus balances, capital balances and deficit recoveries will be reviewed in line with previous plans and will be reported back to Schools' Forum in a timely manner.

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City of Wolverhampton Council - Maintained Schools Devolved Formula Capital Balances

Maintained School Setting	Balance at 31-03-2023 (£)	Allocation 2023-2024 (£)	Expenditure in year to 31- 08-2023 (£)	Balance at 31-08-2023 (£)	Balances exceeding 3 Years at 31-08-2023 (£)
Bantock Primary	27,316.83	8,470.75	0.00	35,787.58	0.00
Bilston CE Primary	43,947.03	8,950.00	0.00	52,897.03	7,870.28
Bushbury Hill Primary	41,033.84	7,330.00	0.00	48,363.84	10,581.73
Castlecroft Primary	23,131.99	6,659.50	0.00	29,791.49	0.00
Christ Church (Church of England) Junior School	18,646.79	6,520.00	8,250.00	16,916.79	0.00
Christ Church (Tettenhall Wood) Infant School	16,311.02	6,281.50	5,250.00	17,342.52	0.00
Claregate Primary	26,670.57	8,449.38	0.00	35,119.95	0.00
Dovecotes Primary	19,695.65	6,920.50	0.00	26,616.15	0.00
Eastfield Primary	19,279.56	8,545.00	5,083.44	22,741.12	0.00
Fallings Park Primary	22,575.38	11,722.00	0.00	34,297.38	0.00
Graiseley Primary	20,910.58	6,430.00	3,574.04	23,766.54	0.00
Lanesfield Primary	22,918.87	7,656.25	2,275.00	28,300.12	0.00
Long Knowle Primary	26,764.77	6,515.50	0.00	33,280.27	0.00
Loxdale Primary School	25,362.64	8,662.00	15,340.00	18,684.64	0.00
Merridale Primary School	18,930.11	6,574.00	8,910.00	16,594.11	0.00
Rakegate Primary	32,150.15	8,826.25	0.00	40,976.40	0.00
Spring Vale Primary	21,726.58	7,951.00	60.00	29,617.58	0.00
Springdale Primary	18,733.06	9,037.75	6,700.00	21,070.81	0.00
St Andrew's CE Primary	40,101.79	8,900.50	27,407.54	21,594.75	0.00
Stow Heath Primary	16,299.32	9,226.75	6,664.00	18,862.07	0.00
Stowlawn Primary School	15,819.34	7,732.75	9,812.34	13,739.75	0.00
Uplands Junior School	34,456.98	8,308.75	22,276.04	20,489.69	0.00
Warstones Primary	44,654.19	9,068.58	0.00	53,722.77	7,398.36
West Park Primary	28,696.78	7,570.75	0.00	36,267.53	0.00
Westacre Infant School	43,288.31	7,344.40	0.00	50,632.71	12,648.22
Whitgreave Primary School	18,815.11	9,060.25	0.00	27,875.36	0.00
Wilkinson Primary School	36,806.22	9,249.25	0.00	46,055.47	0.00
Wodensfield Primary	33,417.06	9,038.88	0.00	42,455.94	0.00
Wood End Primary School	37,122.36	6,495.25	19,107.00	24,510.61	0.00
Primary Schools Total	795,582.88	233,497.49	140,709.40	888,370.97	38,498.59
Ashmore Park Nursery School	26,369.53	4,668.25	0.00	31,037.78	6,178.72
Bilston Nursery	27,269.04	5,210.50	0.00	32,479.54	5,264.50
Bushbury Nursery School	31,271.97	4,675.00	8,407.00	27,539.97	2,097.97
Eastfield Nursery School	21,302.24	5,019.25	0.00	26,321.49	0.00
Low Hill Nursery School	32,502.18	5,309.50	29,977.50	7,834.18	0.00
Phoenix Nursery	37,690.34	4,303.75	0.00	41,994.09	18,699.72
Windsor Nursery	23,955.58	4,740.25	0.00	28,695.83	3,067.08
Nursery Schools Total	200,360.88	33,926.50	38,384.50	195,902.88	35,307.99
Colton Hills Community School	85,012.26	21,583.75	0.00	106,596.01	891.88
St Matthias School	135,503.04	18,605.31	0.00	154,108.35	63,548.28
Secondary Schools Total	220,515.30	40,189.06	0.00	260,704.36	64,440.16
Braybrook Centre	24,607.15	5,139.06	0.00	29,746.21	2,238.48
Midpoint Centre	8,536.28	7,189.38	0.00	15,725.66	0.00
Orchard Centre	25,702.81	7,847.50	0.00	33,550.31	0.00
PRUs Total	58,846.24	20,175.94	0.00	79,022.18	2,238.48
Green Park Special School	38,518.93	11,340.63	0.00	49,859.56	0.00
Penn Fields Special School	108,546.05	13,568.13	1,088.77	121,025.41	53,979.73
Special Schools Total	147,064.98	24,908.76	1,088.77	170,884.97	53,979.73
All Maintained Schools Total	1,422,370.28	352,697.75	180,182.67	1,594,885.36	194,464.95

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