

City of Wolverhampton Council

SCHOOLS' FORUM

Date	3 October 2019
Report title	Devolved Formula Capital Balances
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Summary

The purpose of this report is to inform Members of the Schools' Forum of the requirement to spend Devolved Formula Capital (DFC) within the prescribed timeframe, and to note the balances held within Wolverhampton maintained schools.

Decision

Members of the Schools' Forum are asked to note the DFC balances held in schools at 31 August 2019.

Schedule of background papers

Conditions Grant Spend Guidance

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/686204/Condition_grants_spend_guidance.pdf

School Condition Funding Methodology for 2015 to 2018

Explanatory note

<http://webarchive.nationalarchives.gov.uk/20151009184559/https://www.gov.uk/government/publications/capital-allocations>

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 previous year's January census. The pupil rate is based on the type of school, rather than the individual pupil (i.e. a pupil in a special educational need (SEN) resource unit in a primary/ secondary school, will be allocated the appropriate primary/ secondary rate, **not** the Special rate).

For 2018-2019, the allocations were calculated using the January 2017 census data:

School Provision Type	Lump Sum	Non-boarding pupil rate
Nursery/ Primary	£4,000	£11.25
Secondary	£4,000	£16.88
Post-16	£4,000	£22.50
Special/ PRU	£4,000	£33.75

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). The above rates have remained the same since 2011-2012 and are fixed by the 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.
- 1.4 Additional grant was awarded to schools in 2018-2019 by way of the "Little Extras" capital fund. The allocations were calculated at the following rates, and the same rules apply, as to the DFC grant.

School Provision Type	Lump Sum	Non-boarding pupil rate
Nursery/ Primary	£3,000	£32.10
Secondary	£3,000	£48.15
Post-16	£3,000	£64.20
Special/ PRU	£3,000	£96.30

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 improvement 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 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 3 years in the current guidance. The following table illustrates how the grant may be retained and rolled over for its 3-year lifespan.

Year of allocation	Allowable retention/ rollover					
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
2015-16	Yes	Yes	Yes	To End August 2018	Expired	Expired
2016-17		Yes	Yes	Yes	To end August 2019	Expired
2017-18			Yes	Yes	Yes	To end August 2020
2018-19				Yes	Yes	Yes

3.0 School DFC Balances

- 3.1 The report in Appendix 1 illustrates the balances held in Wolverhampton schools, as at 31 March 2018, 31 March 2019 and expenditure to 31 August 2019.
- 3.2 22 schools are carrying balances of DFC that had expired as at 31 August 2019. This is a reduction from 26 reported last year (one of whom has converted to Academy). The balances are analysed in the following tables:
- 3.3 Number of schools by phase and expired balance:

School Phase	Expired Balance <£1,000	Expired Balance >£1,000 and <£10,000	Expired Balance >£10,000	Total
Nursery	0	1	4	5
Primary	2	6	4	12
Secondary	0	0	0	0
PRU	0	1	2	3
Special	1	0	1	2
Total	3	8	11	22

- 3.4 Number of schools with remaining balances by year of allocation

School Phase	2018-2019 Allocation Expires 31/08/2021	2017-18 Allocation Expires 31/08/2020	2016-17 Allocation Expires 31/08/2019	2015-16 Allocation Expired 31/08/2018	2014-15 Allocation Expired 31/08/2017	Older
Nursery	7	7	5	5	4	2
Primary	29	16	12	4	4	1
Secondary	2	1	0	0	0	0
PRU	3	3	3	3	2	2
Special	4	3	2	1	1	1
Total	45	30	22	13	11	6

4.0 Local Authority Reporting

4.1 As part of its annual reporting cycle to the ESFA, the Local Authority are expected to provide an explanation of the DFC balances, and their planned usage.

4.2 Reporting is carried out at a Local Authority level, which enables us to allocate the total remaining balances across the funding years, as follows:

		2018-19	2017-18
Allocation		1,012,482	380,667
Remaining Balance	1,363,117	1,012,482	350,635

4.3 Unless the reporting methodology changes, this combined balance method of reporting results in no underspend being reported to the ESFA for 2018-2019, as the low balances at some schools masked the higher balances at others.

4.4 The Local Authority have no right to claw DFC funds from schools retaining expired balances. However, individual school balances are reported to the DfE 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.

4.5 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.