

SCHOOLS FORUM

Agenda item: 7

Date	04 October 2018
Report title	Devolved Formula Capital
Contact Officer/s	Debra Boniface
Telephone number/s	01905 557975

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:

- a) Note the DFC balances held in schools at 31 August 2018;
and
- b) Support the revised reporting procedures

Schedule of background papers (If applicable)

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 (ie, a pupil in an 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 are 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.

2.0 Grant Terms

- 2.1 The general condition of the grant is that it is used for capital purposes, such as:
a) structural improvements to buildings, fixtures and fittings;
b) the purchase of capital equipment, including ICT; and/or
c) 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
2015-16	Yes	Yes	To end August	Expired
2016-17	Yes	Yes	Yes	To end August
2017-18		Yes	Yes	Yes

3.0 School DFC Balances

The report in Appendix A illustrates the balances held in Wolverhampton schools, as at 31 March 2018, and expenditure to 31 August 2018.

3.1 26 schools are carrying balances of DFC that had expired as at 31 August 2018. The balances are analysed in the following tables:

3.1.1 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	2	4	6
Primary	3	4	6	13
Secondary	0	0	1	1
PRU	0	0	3	3
Special	0	2	1	3
Total	3	8	17	26

3.1.2 Number of schools with remaining balances by year of allocation

School Phase	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	6	6	5
Primary	36	24	13	6	6
Secondary	2	2	1	0	0
PRU	3	3	3	3	3
Special	4	3	3	1	1
Total	52	39	26	16	15

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:

		2017-18	2016-17	2015-16
Allocation		394,005.60	406,318.00	380,970.00
Remaining Balance	1,110,435.36	394,005.60	406,318.00	310,111.76

4.3 Historically, this combined balance method of reporting has resulted in little, or no, underspend being reported, 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, reporting high levels of underspend (81% of 2015-2016 grant), may invite further scrutiny from the ESFA, who may claw back excess balances from individual schools.

5.0 Revised Reporting Procedures

5.1 To ensure that are meeting our statutory reporting duties, City of Wolverhampton Council will be introducing a new requirement for schools to report on their remaining DFC Balances.

5.2 For the 2017-18 return (due in October 2018), we have contacted the schools concerned to provide an explanation of how and when they expect to use their expired grant.

5.3 For future submissions, a new return will be required as part of the balances returns currently required from schools.