

Buildings Section - Briefing Paper

Devolved Formula Capital and VAT Locally Co-ordinated Voluntary Aided Programme S.554 Fund

We hope you will find this briefing paper to be both useful and informative as an introductory view of some of the considerations relevant to your school. Should you have any queries regarding this document, or would like to ask any questions, please do not hesitate to contact **Helen Williams**, **Emma Parsons** or **Kevin Matthews** on 0113 2000 540 or by email to

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This paper is not intended to be an exhaustive statement of the law and should not be relied upon as advice to be applied to any particular set of circumstances.

Abbreviations

Blue Book	Capital Funding for Voluntary Aided (VA) Schools in England
EFA	Education Funding Agency
LA	Local Authority
VA	Voluntary Aided School
VC	Voluntary Controlled School

Devolved Formula Capital and VAT

What is Devolved Formula Capital (DFC)?

DFC is capital money allocated to every school and can be held either by the LA, the Diocese or an individual school.

What is capital money and what can it be used for?

Capital money is funds that are available to undertake capital works in schools. This includes building works, purchase of computer hardware and furniture etc. This is subject to a minimum net value (excluding VAT) of £2,000. Works valued under £2,000 net should be funded by the school's revenue funds or other funding.

Some useful definitions and examples for VA schools are quoted in the Blue Book (see below).

How do we apply to use it?

How to proceed depends on who holds the funding:

- **Minimum requirements for all schools and academies**
 - All works of a capital nature must be undertaken with full Board of Education approval and by completing a **Project Authorisation Form**.
 - Where works are of a building nature, Trustees approval is also required.
 - LA notification procedures must also be followed.
 - All statutory procedures must also be adhered to. These include Planning Permission, Listed Buildings Consent, Buildings Regulations Approval and Construction Design & Management Regulations (CDM).
- **DFC is held on behalf of the school by the diocese**

In addition to the requirements for all schools, completion of a **Project Information Form** is required. Together with previously mentioned forms this enables the Education Team to comply with EFA requirements, process all invoices, collate Governors' 10% contributions, comply with VAT requirements and audit schemes on behalf of the governing body.
- **DFC is held on behalf of the school by the LA**

In addition to the requirements for all schools, each LA has its own procedures to be followed. You may wish to consult with your LA contact.
- **DFC is held by the school**

In addition to the requirements for all schools and academies, the school manages its own procedures, including auditing to comply with EFA requirements.

Can we roll DFC forward?

Schools are able to roll forward DFC for up to **three years**. In exceptional circumstances this can be extended to **four years**. Funds not spent within this period will be clawed back by the EFA and lost to our family of schools. It is preferable to avoid this loss by donating funding to another VA school within the diocese.

Can we receive additional DFC from or donate surplus DFC another school?

Yes. To avoid any claw back by the EFA, schools with a funding shortfall can benefit from reallocation of DFC. This is a benefit offered to schools within the Education Team scheme i.e. where the diocese holds DFC on their behalf. In this situation, we hope schools will appreciate the principle of sharing and the wider long term benefits this will bring.

Can we use the interest accrued towards the Governors' 10% contribution?

Yes. This is Governors' money to be used at their discretion for a variety of purposes. Please liaise with either Helen Williams, Emma Parsons or Kevin Matthews on 0113 2000 540.

Is an audit trail necessary?

Yes. The EFA requires all DFC expenditure to be auditable and carries out spot checks on a random basis to ensure governors are complying with their responsibilities. We are able to assist governors with these responsibilities through our DFC scheme/service. If your school

is not a member of this scheme and you would like to know more, please contact Helen Williams, Emma Parsons or Kevin Matthews on 0113 2000 540.

For further information on DFC please consult the Blue Book at

<http://www.education.gov.uk/schools/adminandfinance/schoolscapital/funding/voluntary-aidedschools/a0010939/blue-book-guidance-on-capital-funding-for-voluntary-aided-va-schools>

Locally Co-ordinated Voluntary Aided Programme

What is the Locally Co-ordinated Voluntary Aided Programme (LCVAP)?

LCVAP is an independent capital funding stream held centrally by the EFA but which is locally co-ordinated by LAs.

Who can apply?

Only VA schools are eligible to apply for this funding programme.

What are the funds for?

LCVAP funding can be used for capital maintenance projects within VA schools and, in most cases, is used in conjunction with DFC funding. There is an expectation that governors will utilise as much DFC as they are able towards the overall project costs, to reduce the call on LCVAP and hence share the benefit as widely as possible with other schools.

How much funding can we apply for and how much will we receive?

There is a minimum net (excluding VAT) project cost of £2,000 and an application can be submitted on behalf of the school by the Education Team for up to the full scheme value (100%). However, as is the case with all VA capital projects, 10% of this amount must be provided by the governors of the school.

Governors should note that during projects 90% of the grant allocation will be released by the EFA in various stages depending upon the size of the scheme. 2.5% is held back at the end of a project, normally allowing for a 12-month defect liability period which is common to most building work projects. The EFA audit schemes on an annual basis and this is administered by the Education Team on behalf of our schools.

How do we apply for funding?

- **June/July** – The Education Team invite outline bids from governors by asking for an **LCVAP Application Form** to be completed.
- **Autumn Term** – schools' deadline for submission of supporting information (as outlined on page 2 of the application form).
- **November** – The Education Team collates and prioritises bids before presentation to the Board of Education for ratification.
- **January** – The Education Team enters into the negotiation process with the relevant LAs, in conjunction with other faith groups, to secure funding for the diocesan family of schools.
- **Summer Term** – outcome notified to the Education Team, after the EFAs statistical return to LAs following the close of the financial year.

As a result of the limited funding available, it is likely that only schemes with a high priority will be successful in obtaining an LCVAP grant. Unsuccessful applications will not be carried forward and it is the governors' responsibility to reapply for funding.

For definitions of capital works, please go to

<http://www.education.gov.uk/schools/adminandfinance/schoolscapital/funding/voluntaryaidedschools/a0010939/blue-book-guidance-on-capital-funding-for-voluntary-aided-v-a-schools>