**Voluntary Aided (VA) School Capital Funding (01/04/2018)**

This document provides the latest available advice on VA school capital funding.

* Currently the majority of funding for VA school capital works is met from 2 funding programmes provided by the Education & Skills Funding Agency (E&SFA)
* **DFC - Devolved Formula Capital**
* **SCA - School Condition Allocations formerly (LCVAP)**
* These funding programmes are for capital works only.

* For all VA schools capital funding is only allocated for works costing over £2,000 (excluding VAT). This is called the “de minimis” level.

* All building and maintenance works costing under £2,000 are ‘revenue works’ and must be funded direct by the school, using school budget.

**Examples of capital/revenue funding**

|  |  |
| --- | --- |
| **REVENUE (under £2,000)** | **CAPITAL (over £2,000)** |
| Patching/mending roof | Replacing substantial part of roof |
| Filling in potholes in playground | Resurfacing whole playground |
| Replacing boiler parts when boiler breaks down | Repairing/replacing boiler |
| Replacing a few damaged chairs/desks | Replacing all furniture in classroom as part of a refurbishment project |

**VA school governing bodies are liable for:**

* the existing buildings (internal and external), including kitchens, dining areas, medical/dental rooms, swimming pools, caretakers’ dwelling houses
* perimeter walls and fences, even if they are around the playing fields
* playgrounds
* furniture, fixtures and fittings – including ICT infrastructure and equipment
* other capital items (which can include capital work to boilers or other services)

**Local Authorities are liable for:**

* playing fields (including sports pitches and hard surfaced games areas)
* buildings on those fields and related to their use

**Devolved Formula Funding**

* Devolved formula capital (DFC) is a formula-based grant provided to all maintained schools. As from April 2006, the E&SFA have paid DFC direct to Church of England Dioceses who manage the fund on behalf of their VA schools.
* These funds are held in a separate account and are drawn down to pay for capital projects only when the school’s Head Teacher or Chair of governors have given their permission for the funds to be used.
* DFC can be used as a contribution towards a larger project e.g. a project for which the major source of funding is SCA.
* Grant aid (DFC and SCA) is actually paid in cash terms at 90% of the amount allocated.
* Governors are liable for 10% of the gross grant aided project cost and also for 100% of any non-grant aided expenditure.
* The Salisbury Diocesan Board of Education (SDBE) is no longer making any discretionary concession towards this cost to VA schools. The Finance and Staffing committee of the SDBE on the 26th April 2016 decided that, in these times of reducing income, the previous 2% concession can no longer be afforded and was therefore to be phased out. The discretionary contribution by the SDBE was therefore reduced to 1% for the 2017/18 financial year and to zero from 2018/19 onwards.
* The Diocese has always excluded making contributions for the supply of IT equipment, furniture, fixtures or fittings related capital expenditure and Schools will have to continue to find the full 10% for these items.
* VAT is payable on all capital works in VA schools unless zero-rated due to the type of works
* Formula capital allocations (DFC and SCA) are enhanced to account for VAT, so that a VA school gets a larger allocation than a comparable Community school.
* Governors cannot reclaim VAT on capital items purchased through their delegated budget, nor can they claim reimbursement from DFC or SCA for items purchased through their delegated budget on which they have claimed back VAT through the LA. If they do so they are committing VAT fraud.







**DFC rules**

* *Roll forward* – to enable a large project to be funded it is possible to roll forward your allocation. You can roll forward a year’s allocation for a maximum of three financial years, or four years exceptionally.

* For example, grant rolled forward from 2017-18 must be claimed by 31 March 2020 unless an E&SFA approved large project is being funded over 4 years.
* **If you do not spend your allocation within the three years, and you have not informed E&SFA that you need it rolling forward for a fourth year, you will lose any remaining allocation from year one.**

* E&SFA will not usually allow you to roll forward funding for a fourth year unless you are planning to use it for a specific project which needs a large amount of DFC funding.

**ICT funding**

* DFC can be used to support schools’ purchases of ICT and equipment e.g. desk top computers, interactive whiteboards, laptops, digital video cameras and printers.
* The purchase of such items must still comply with the definition of capital and be above the de minimis level for VA schools i.e. £2,000 NET, £2,400 GROSS (inclusive of VAT).
* The allocations do not specify the exact amounts of ICT funding included. The decision about how much DFC is used for either ICT or buildings and grounds should be based on a school’s own priorities and circumstances.

**Diocesan DFC Scheme**

The Salisbury Diocesan Board of Education (SDBE) deals with the administration of all the financial aspects of building, ICT and Furniture Fixtures and Fittings projects that utilise DFC and SCA funding including:

* Obtaining E&SFA and LA approvals
* Administering payments to contractors and professionals on behalf of schools– the SDBE undertakes to pay all invoices appertaining to approved grant-funded projects and recover these funds (90%) through the E&SFA grant. In this way, the service we provide protects a Governing Body financially against the possibility of late payment when they enter into a building contract
* Assisting in resolving E&SFA Funding Issues **-** In circumstances where construction / project costs exceed the approved E&SFA grant sum for genuine reasons, the SDBE (where funding permits and as approved by the SDBE), will continue settling contactors invoices (and thereby protecting the Governing Body under the building contract) until ‘additional costs’ claims are prepared by the surveyor and considered by E&SFA. The Diocese will also co-ordinate these additional cost claims to E&SFA
* Liaison with and returns to E&SFA
* Collecting governors 10% and other contributions
* Monitoring the school’s available DFC and completing annual assurance returns to E&SFA on behalf of VA schools in the scheme. This return is now signed off by the SDBE Director of Education. (not applicable to those schools who have opted to manage their own DFC)
* Providing online access to DFC statement and project details through the Saldims Governors’ Microsite
* Nomination of Diocesan Surveyor/Architect– We aim to ensure VA schools are adequately supported through capital building projects by nominating a Diocesan surveyor/architect to each VA school in the Diocese to work on behalf of the school governors. These surveyors/architects are in regular contact with us when a building project is taking place, and performance is monitored by performance questionnaires to governors on completion of those projects.
* DFC funds are held in a separate Bank Account by the SDBE

**Password access to DFC statement**

* Governors of VA schools can gain access to their DFC statement and building project details online through the Saldims Governors Microsite with a password issued by SDBE. Please contact the Schools Estates Manager, Martyn Kemp, on 01722 746946 for information or advice on this.

**DFC Getting permission to undertake work on VA school buildings**

* By law, the governors of VA schools **must** ask for permission in writing from their Diocesan Board of Education, via forms A **and** D before undertaking any work on their school buildings.

**Form A Approval:**

* When the governors of a VA school are considering a new building project, we ask the governors to complete a “Form A”.

**Information required on Form A:**

* Name of school
* Name of person submitting application
* Brief description of proposed project
* Breakdown of all funding sources e.g. DFC/SCA/LA/OTHER
* Estimated gross cost of project
* Expected start date
* How the project is supported in terms of condition (of the building fabric of the school), sufficiency (of space in the school for the numbers of children on roll/planned) and or suitability (of rooms/spaces at the school for the use intended)
* Any other supporting reports
* Predicted admission numbers over the next 3 years
* Diocesan School Surveyors Comments - including a statement confirming than no other essential building works should take priority
* After completion of the above information, the form is sent on to the SDBE and permission in principle is then granted if appropriate.
* Once form A approval is granted, the governors can go on to planning the project in detail with their surveyor/archtect.

**Form D Approval**:

* Ordinarily 3 tenders are required for all works funded by DFC, and project details are submitted to the SDBE on “Form D”
* Before approval is given, the Schools Estates Manager checks to ensure that the school has sufficient DFC or other funding if appropriate, to fund the project.
* Retrospective form D approval is not usually given unless there are exceptional circumstances such as a genuine emergency situation.

**Information required on form D**

* Cash flow of project detailing year/month and amount of each payment expected
* Governors contribution payable
* Signature on behalf of governing body committing them to repaying their governors contribution detailed above
* Date work due to start on site
* 3 lowest tenders
* Breakdown of all costs showing building work, surveyors fees, planning/building regulation fees, furniture, fixtures and fittings and VAT
* Funding sources to be specified with amounts
* Signature of architect/surveyor
* Signature of SDBE Schools Estates Manager, if the project is agreed

**SCA – School Condition Allocations (formerly LCVAP)**

* SCA is E&SFA funding which is administered by the Local Authority in consultation with local partners i.e. dioceses, and in some cases schools that are not associated with a diocese
* **SCA funding must be spent in the year it is allocated**. If not, it becomes a commitment in the following year and this means that **fewer new projects can be funded in the following financial year**
* The Local Authority coordinates the programme allocations against local needs and priorities
* Consultation takes place at Diocesan Liaison Meetings with the relevant Local Authorities throughout the year and specifically to discuss the new financial year’s SCA bids during February and March
* We ask VA Head Teachers and school governors to submit applications for SCA funding, in consultation with their Diocesan surveyor/architect by the end of September each year in preparation for the Diocesan Liaison Meetings held in February and March
* There are always many more applications for funding than there is funding available.

**SCA Priorities**

* The Schools SCA project bids submitted to the SDBE are ranked by the Buildings committee made up SDBE officers, head teachers and governors of VA schools, before submitting bids at the Diocesan Liaison Meetings, according to the following priorities:
* Additional costs on a building project in progress - unavoidable additional costs where the school governors already have a contractual obligation
* Disabled Access Works - essential works to accommodate a named child with specific problems
* Essential Capital Repairs - repairs that have been identified by the AMP or the diocesan schools surveyor/architect as essential and where the school’s DFC is either inadequate to meet the need or there are other equally high priorities
* Exceptional Basic Need - replacement of mobiles with permanent buildings
* Halls/ICT/Library/Staff Resources - where funds allow to provide accommodation to bring schools up to the latest specification

**The following additional factors may be taken into account:**

* The probability/possibility of funding the required works from another initiative e.g. Building Schools through the Priority Schools Building Programme
* Rationalisation of the school provision in partnership with the LA
* Surplus places in neighbouring schools
* The number of children that would benefit from the expenditure of an amount of grant.

**Process for obtaining approval for SCA funded projects:**

* At the Diocesan Liaison Meetings, after consultation with all parties, projects which are ranked as having the greatest need are allocated funds first with others following on behind until the full SCA budget is allocated.
* This agreed programme is then submitted by the LA to E&SFA for ratifying.
* SCA project approval must then be obtained from E&SFA. The school surveyor/architect completes an SCA VA Approval form, providing a cash flow for the project, 3 tenders and a breakdown of costs, as with form D approval.
* This form is then sent electronically to E&SFA and work should not begin until E&SFA approval is obtained.
* SCA is paid by E&SFA on submission of the application forms in accordance with the payment rules that were implemented in October 2014
* 2.5% of the project costs are held back by E&SFA only on projects that exceed £150,000 until the project is finalised and all invoices and certificates for payment are receipted.

**Section 106 agreements**

* Section 106 (S106) of the Town and Country Planning Act 1990 allows a local planning authority (LPA) to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement.
* These agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms.
* Section 106 funds can sometimes be awarded to schools where there is shown to be a need for provision of extra pupil places in the local area as a result of the granting of planning permission e.g. for a new housing development.
* Section 106 funding for VA school building work is usually paid to the SDBE by the LA after the school building project to which it is assigned has been agreed between the LA, the SDBE and the school governors.

**For further information on VA school capital funding**

**or advice on any other VA school buildings related matter,**

**Please contact:**

**Martyn Kemp**

**Schools Estates Manager**

**Direct line: 01722 746946**

**e-mail: martyn.kemp@salisbury.anglican.org**