



Department
for Education

Condition grants spend guidance

April 2020

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Introduction

This document sets out the purposes of and restrictions around the various types of condition grant. Responsible bodies (RBs) should consult the section below relevant to their RB type, as well as the frequently asked questions.

MATs, academy chains, and Voluntary Aided school groups/chains receiving a School Condition Allocation will receive terms and conditions, which must be signed and returned before any funding is released.

Unless a responsible body notifies the Department for Education (DfE) otherwise, in writing, by 24 April 2020 we will assume that other grant recipients accept and will comply with the terms and conditions and guidance related to grants that they have been allocated.

All grants must be spent on capital expenditure only.

Purpose of grants and spend period

Please consult the section, “Condition grants by type of responsible body”, for details.

Frequently asked questions

What is condition funding and who gets it?

Condition funding is the money we allocate each year to improve and maintain the condition of the school estate (buildings and grounds). We distribute condition funding through different routes.

Condition funding includes School Condition Allocations and Devolved Formula Capital for:

- local authorities and local-authority-maintained schools, including maintained nursery schools
- voluntary-aided bodies and voluntary schools
- academies and academy trusts and sponsors
- sixth-form colleges
- special schools not maintained by the local authority
- special post-16 institutions with eligible students

Single academy trusts, small multi-academy trusts, VA CIF bodies, and sixth-form colleges receive devolved formula capital, but apply to the condition improvement fund instead of receiving SCA.

The grant is paid in financial years so how should I account for it in academic years?

You should consult your auditors for advice.

Does my particular project fit the definition you've set out?

You should ensure that funding is used in line with this guidance and the terms and conditions of grant. We can't give advice on individual projects – you should seek local professional advice, for example on whether a particular project can be accounted for as capital expenditure.

My school has moved mid-year – will this change my payment?

No. Once the allocations are published, we will not generally make further changes for that year unless there has been an error. We update the allocations annually to reflect new or closing schools and where a school moves to a new responsible body.

My school has converted so why has my Devolved Formula Capital (DFC) gone to the local authority (LA)?

We try to take account of conversions, but in the case of some recent conversions funding may be paid to the local authority. We are publishing DFC alongside the School Condition Allocations (SCA) for 2020–21, so some later conversions may not be taken into account. LAs should pass DFC on to schools regardless of conversion status. The published spreadsheet shows who has received DFC payments for every school.

My school converted in the middle of the financial year so why am I not being paid for it?

We do our best to take account of conversions, but sometimes the SCA may be paid to the school's local authority. There has to be a cut-off point after which funding amounts are fixed so that responsible bodies can have certainty about their budgets.

Our MAT is a relatively small one, which means that our SCA allocation is not sufficient. Can I opt out of SCA and apply to CIF?

No. Enrolment in SCA is automatic.

What can I spend my DFC allocation on?

DFC provides schools with capital funding to address their own priorities. DFC funding can be used for improvements to buildings and other facilities, including ICT, or capital repairs/refurbishment and minor works. If you have doubts about what constitutes capital expenditure for a particular item, you should seek local advice (e.g. from auditors).

Can I use some of my DFC funding to enter into leases?

Leases may not count as capital expenditure. Please seek local professional advice if you are unsure whether a particular lease counts as capital expenditure and/or is within spending rules.

Who makes the decisions on how the money is spent?

This depends on the source of funds and the school. All schools can decide individually how to spend their DFC. Funding for successful bids to the

Condition Improvement Fund (CIF) must be spent on the project detailed in the approved bid. Decisions on SCA break down as follows:

- Community, foundation, and voluntary controlled schools – the relevant local authority will decide.
- Voluntary aided schools –the relevant diocese, or lead diocese in the case of diocesan chains, will lead the process to agree which projects should be taken forward. For non-diocesan VA schools that are part of a group receiving SCA, the lead school should co-ordinate the process to prioritise funding across the schools in the group.
- Academies that are members of larger multi academy trusts (MATs), or academy chains – the MAT or lead trust of a chain will make decisions on how to prioritise its funding.

Can LAs vary the formula for each school's DFC allocation (e.g. to take account of cash balances)?

No. LAs should distribute DFC to their schools in accordance with the published allocations, as DFC is intended as a school-level allocation.

Can schools pool their DFC funding?

With the agreement of the individual schools that attract the DFC, responsible bodies can pool it. Any pooling arrangements should take account of local circumstances.

How should DFC be handled for schools that convert to become academies during the financial year?

The LA should pass on the DFC payments in the normal way, regardless of conversion status. Payments will then be made directly to the academy from the following financial year.

How is DFC calculated?

Please consult the methodology document at <https://www.gov.uk/government/publications/capital-allocations>.

Are LAs expected to pay for academies' capital maintenance?

Academy trusts are funded separately for their maintenance needs, but local authorities and voluntary aided bodies are expected to treat fairly those

schools considering conversion and to honour any commitments of capital funding that they have made, in respect of building projects at those schools. In all academy conversions, LAs are, at a minimum, expected to hand over schools in a safe condition, with no urgent health and safety needs.

If capital grant is not spent by the spending deadline, will this funding be at risk of clawback?

Where funding for particular programmes has time limits for spending, any grant left unspent will be recovered.

Is VAT accounted for in the calculation for VA schools?

Yes. Please consult the methodology document.

How should academies account for their DFC spending?

The Academies Accounts Direction sets out how academies should account for government grants. It details the arrangements for preparing audited accounts and the requirements for submitting the accounts to the DfE. DFC spending will form part of academies' annual audited accounts. We do not require academies to provide separate spending information on DFC to DfE.

What was the additional capital funding for 2018–19?

In the Budget 2018, the government announced an extra £400 million capital funding for schools in England for 2018-19. The funding was for institutions eligible for DFC, including: maintained nursery, primary and secondary schools, academies and free schools (including studio schools, UTCs, and alternative provision), special schools, pupil referral units, non-maintained special schools, general hospital schools, sixth form colleges, and specialist post-16 institutions that have eligible state-funded pupils.

We expect schools to have spent the money in financial year 2018–2019. However, the normal spending terms of DFC applied, which provide some flexibility for schools to spend the funding over the following 2 financial years if necessary. This funding was paid in a single one-off instalment in February 2019.

What was the Healthy Pupils Capital Fund?

£100m generated from the Soft Drinks Industry Levy was used for the Healthy Pupils Capital Fund, which was funding to improve access to

facilities such as kitchens, dining facilities, changing rooms, playgrounds and sports facilities. The Fund operated for one financial year only, 2018–19. If you were eligible for School Condition Allocations in that year, you will have received a direct allocation from the Healthy Pupils Capital Fund. This direct allocation was in addition to the normal SCA and was paid alongside it.

Condition grants by type of responsible body

Grant	Paid under	Anticipated Payment	Purpose	Time Limit	Assurance activity
School Condition Allocations	Local government Act 2003, section 31	9 equal instalments May to January	Investment should be prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues.	In line with general local government arrangements	As part of the annual capital grant monitoring exercise the S151 will need to confirm the funding has been used for capital purposes.
Devolved Formula Capital	Education Act 2002, section 14	Single payment in May	Funding for individual institutions to maintain their buildings and fund small capital projects or can be pooled across the LA with the schools' agreement.	3 financial years with year one being the year payment is made	The local authority will need to report expenditure as part of DfE's annual capital grant monitoring exercise

Table 1: Local authorities

Grant	Paid under	Anticipated payment	Purpose	Time Limit	Assurance activity
School Condition Allocations	Education Act 2002, section 14	4 equal instalments May to August	Investment should be prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues.	Consult terms and conditions	Consult terms and conditions.
Devolved Formula Capital	Education Act 2002, section 14	Single payment in May	Devolved formula capital (DFC) is direct funding for individual institutions to maintain their buildings and fund small-scale capital projects.	3 financial years with year one being the year payment is made	The Academies Account Direction sets out how academies should account for government grants. See FAQ section above for more details.

Table 2: Academy trusts and chains

Grant	Paid under	Anticipated payment	Purpose	Time Limit	Assurance activity
School Condition Allocations	School Standards and Framework Act 1998, schedule 3	4 equal instalments May to August	Investment should be prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues.	Consult terms and conditions	Consult terms and conditions.
Devolved Formula Capital	School Standards and Framework Act 1998, schedule 3	Single payment in May	Devolved formula capital (DFC) is direct funding for individual institutions to maintain their buildings and fund small-scale capital projects.	3 financial years with year one being the year payment is made	

Table 3: Voluntary aided schools

Grant	Paid under	Anticipated payment	Purpose	Time Limit	Assurance activity
School Condition Allocations	Education Act 2002, section 14	Anticipate single payment in May	Investment should be prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues.	31 March of the financial year the grant is paid	Recipients of grant are expected to comply with any requests from the DfE requesting spend information for the grant.
Devolved Formula Capital	Education Act 2002, section 14	Anticipate single payment in May	Funding for individual institutions to maintain their buildings and fund small-scale capital projects.	3 financial years with year one being the year payment is made	Recipients of grant are expected to comply with any requests from the DfE requesting spend information for the grant.

Table 4: Non-maintained special schools

Grant	Paid under	Anticipated payment	Purpose	Time Limit	Assurance activity
School Condition Allocations	Education Act 2002, section 14	Single payment in May	Investment should be prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues.	31 March of the financial year the grant is paid	Recipients of grant are expected to comply with any requests from the DfE requesting spend information for the grant.
Devolved Formula Capital	Education Act 2002, section 14	Single payment in May	Funding for individual institutions to maintain their buildings and fund small-scale capital projects.	3 financial years with year one being the year payment is made	Recipients of grant are expected to comply with any requests from the DfE requesting spend information for the grant.

Table 5: special post-16 institutions

Sixth-form colleges

Grant	Paid under	Anticipated payment	Purpose	Time Limit	Assurance activity
Devolved Formula Capital	Education Act 2002, section 14	Single payment in May	Devolved formula capital (DFC) is direct funding for individual institutions to maintain their buildings and fund small-scale capital projects.	3 financial years with year one being the year payment is made	Recipients of grant are expected to comply with any requests from the DfE requesting spend information for the grant.

Table 6: Sixth-form colleges



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