Condition grants spend guidance

April 2019
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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.

Unless responsible bodies notify the ESFA otherwise, in writing, by 24 April 2019, we will assume that grant recipients accept and will comply with the terms and conditions attached to the grants that they have been allocated. MATs and chains receiving SCA will receive terms and conditions, which must be signed and returned by that date.

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.

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?

We can’t give advice on individual projects – you should seek local professional advice.

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 DFC gone to the 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 and paying DFC earlier in the year for 2019–20, 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.

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. 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 local authority will be responsible for coordinating a discussion of VA partners in the area, who will agree which projects should be taken forward.
- Academies that are members of larger multi academy trusts (MATs) – the MAT 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 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?


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 have time limits for achieving expenditure, any grant left unspent is at risk of clawback.

Is VAT accounted for in the calculation of LCVAP?

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 ESFA. DFC spending will form part of
We do not require academies to provide separate spending information on DFC to ESFA.

**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. 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 devolved formula capital will apply, 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 installment in February 2019.

**What was the Healthy Pupils Capital Fund?**

£100m of revenue 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

### Local authorities (LAs)

<table>
<thead>
<tr>
<th>Grant</th>
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<th>Payment</th>
<th>Purpose</th>
<th>Time limit</th>
<th>Assurance activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Condition Allocations</td>
<td>Local Government Act 2003, section 31</td>
<td>9 equal instalments May to January</td>
<td>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.</td>
<td>In line with general local government arrangements</td>
<td>As part of the annual capital grant monitoring exercise the S151 will need to confirm the funding has been used for capital purposes.</td>
</tr>
<tr>
<td>Devolved Formula Capital</td>
<td>Education Act 2002, section 14</td>
<td>Single payment in May</td>
<td>Funding for individual institutions to maintain their buildings and fund small capital projects, or can be pooled across the LA with the schools’ agreement.</td>
<td>3 financial years with year one being the year payment is made</td>
<td>The local authority will need to report expenditure as part of ESFA’s annual capital grant monitoring exercise.</td>
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## Academy trusts and chains

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<tr>
<td>School Condition Allocations</td>
<td>Education Act 2002, section 14</td>
<td>4 equal instalments May to August</td>
<td>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.</td>
<td>Consult terms and conditions.</td>
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<tr>
<td>Devolved Formula Capital</td>
<td>Education Act 2002, section 14</td>
<td>Single payment in May</td>
<td>Devolved formula capital (DFC) is direct funding for individual institutions to maintain their buildings and fund small-scale capital projects.</td>
<td>3 financial years with year one being the year payment is made</td>
<td>The Academies Accounts Direction sets out how academies should account for government grants. See FAQ section above for more details. We do not require academies to provide separate spending information on DFC to ESFA.</td>
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## Non-maintained special schools

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<td>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.</td>
<td>31 March of the FY the grant is paid</td>
<td>Recipients of grant are expected to comply with any requests from the ESFA requesting spend information for the grant.</td>
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<td>Devolved Formula Capital</td>
<td>Education Act 2002, section 14</td>
<td>Single payment in May</td>
<td>Funding for individual institutions to maintain their buildings and fund small-scale capital projects.</td>
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### Special post-16 institutions

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### Sixth-form colleges

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Voluntary aided (VA) bodies

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<tr>
<td>Locally co-ordinated VA programme</td>
<td>School Standards and Framework Act 1998, schedule 3</td>
<td>Scheduled monthly payments to dioceses. Invoice-based claims for other VA schools.</td>
<td>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.</td>
<td>31 March of the FY the grant is paid unless agreed otherwise</td>
<td>Recipients of grant are expected to comply with any requests from the ESFA requesting spend information for the grant.</td>
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<tr>
<td>Devolved Formula Capital</td>
<td>School Standards and Framework Act 1998, schedule 3</td>
<td>Single payment in May</td>
<td>Funding for individual institutions to maintain their buildings and fund small-scale capital projects, or can be pooled across schools with the schools’ agreement.</td>
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<td>Recipients of grant are expected to comply with any requests from the ESFA requesting spend information for the grant.</td>
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