



Department  
for Education

# **Condition funding methodology for financial year 2020– 2021**

**Explanatory note for School Condition  
Allocations and Devolved Formula  
Capital**

**April 2020**

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## Introduction

School condition funding is for maintaining and improving the condition of the school estate and includes:

- Allocations to individual institutions through **Devolved Formula Capital**;
- Allocations to bodies responsible for managing capital funding<sup>1</sup> through direct **School Condition Allocations (SCA)**; and
- Access to funding for academies and voluntary aided (VA) bodies not eligible to receive a School Condition Allocation, and for sixth-form colleges, via the **Condition Improvement Fund (CIF)**.

All condition funding is calculated and paid in financial years, not academic years. This document explains the methodology for the financial year 2020–21.

## Our approach for 2020–21

For the financial year 2020–21, we are using the same allocations methodology and funding rates as last year. We will continue to carefully consider capital funding for schools in preparation for the next Spending Review, alongside all our priorities for education.

The information in this document has been updated to improve clarity. It includes a new section explaining in more detail the existing rules on eligibility for a direct School Condition Allocation or the Condition Improvement Fund.

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<sup>1</sup> Bodies that are responsible for prioritising, distributing and assuring the use of School Condition Allocations are referred to as “responsible bodies”. The same body may not have legal or contractual responsibility for carrying out works or for health and safety in all cases.

## Overview of the methodology

Our aim for the allocations methodology continues to be to ensure that responsible bodies receive a fair share of available funding that takes account of their investment needs. Our overall approach to the allocations, therefore, recognises the need to repair and replace assets to keep buildings in good condition.

### Devolved Formula Capital

Devolved Formula Capital is calculated using the same methodology as in previous years. Every school gets a fixed sum, and a variable amount based on pupil numbers. Pupil numbers come from the 2019 spring school census, or the 18/19 Individualised Learner Record for post-16 institutions.

### School Condition Allocations

School Condition Allocations are either paid directly to responsible bodies through a formulaic allocation, or funding is made available through the bid based Condition Improvement Fund (see the section on eligibility, below). **Directly-paid SCA** is for responsible bodies to prioritise on condition need across their institutions; the terms and conditions issued to responsible bodies give more detail on the types of project allocations can be used for. **The Condition Improvement Fund** allocates funding to specific condition projects for successful bidders.

We update allocations annually to reflect new or closing schools, and where a school has moved to a new responsible body (the body that is responsible for prioritising, distributing and assuring the use of School Condition Allocations), and we will follow the same approach in 2020–21. There are 3 components:

- **Core condition funding**, based on responsible bodies' pupil numbers;
- **High condition-need funding**, for those with disproportionately high need; and
- **Floor protections**, to continue to provide stability in the system.

For the majority of responsible bodies, the Property Data Survey shows that condition need correlates well with pupil numbers, which are also a good indication of the size of bodies' estates. We therefore calculate a **core condition funding** component based on pupil numbers. Each year, we allocate this pupil-led funding for each school either directly to whichever their responsible body is in that year, or to the Condition Improvement Fund.

The Property Data Survey shows that some responsible bodies have particularly high condition need relative to their size, so our approach includes a **high condition-need funding** component, in addition to the core condition allocation. This funding is based on the extent to which the condition need identified exceeds a threshold per pupil. For 2020–21, we have calculated this component of funding for multi-academy trusts and

VA bodies based on their current schools. Local authorities will receive the same high condition-need funding as in 2015–16.

The Condition Data Collection, which has now completed, will give us up-to-date, high-level information on the condition of the whole school estate, which will inform capital funding policy in future.

We applied **floor protections** in 2015–16 to ensure that no responsible body got less than 80% of the funding it received in the 2014–15 maintenance allocations. Those eligible for the protection will continue to receive it in 2020–21, but this will be reviewed for future years.

A small amount of funding is also allocated to local authorities for Sure Start centres.

## The Condition Improvement Fund

Single academies, small multi-academy trusts, VA CIF bodies<sup>2</sup>, and sixth-form colleges do not receive a direct School Condition Allocation. The School Condition Allocations for these institutions are calculated using the same formula to maintain parity, and they are then aggregated to form the Condition Improvement Fund. This is a bid-based funding stream through which these institutions can access condition funding. The size of this fund therefore reflects the mix of institutions eligible to bid, in terms of the number and age-phase of their pupils, their location, extent of modernisation and condition as identified through the Property Data Survey.

Applications to CIF for financial year 2020–21 are now closed; institutions eligible for CIF were informed ahead of the deadline. We expect to announce the outcomes of CIF bids in the spring.

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<sup>2</sup> Any dioceses below the SCA size threshold, and non-diocesan VA schools (if they are not part of collaborative VA SCA groupings), are eligible for CIF. However, for 2020–21, all diocesan VA schools are part of a diocese or a collaborative grouping that meets the size threshold for VA SCA.

## Responsible bodies

Every institution eligible for an allocation is assigned to a responsible body, which is the body responsible for prioritising, distributing and assuring the use of School Condition Allocations . They are local authorities, multi-academy trusts, state-funded special schools, and other specialist providers for state-funded pupils. Allocations for voluntary aided schools are calculated for groupings that have been agreed with the VA sector, and in some cases the responsible body will be the VA school itself. Responsible bodies receive funding for all the institutions for which they are responsible.

### Responsible bodies for School Condition Allocations

**Local authorities** are responsible and receive capital funding for maintained non-VA schools

**Multi-academy trusts, opted-in chains, and VA bodies with 5 or more schools and at least 3,000 pupils** receive a formulaic funding allocation

The Department for Education administers funding for **single academy trusts, small multi-academy trusts, small VA bodies, and sixth form colleges**. We treat institutions eligible for the Condition Improvement Fund as a single responsible body group and calculate an allocation for the Fund accordingly.

**Non-maintained special schools and special post-16 providers** receive a direct allocation in respect of their state-funded pupils

Funding allocations for individual institutions and each responsible body are driven by the characteristics of their pupils, schools and, in the case of School Condition Allocations and the Condition Improvement Fund, condition need as assessed by the Property Data Survey.

## Eligibility for direct School Condition Allocations or the Condition Improvement Fund

We assign responsible bodies either to receive a direct School Condition Allocation or to be eligible for the Condition Improvement Fund in the autumn before the financial year when the funds will be paid. This is to ensure that bodies eligible to bid to the Condition Improvement Fund have enough notice to do so.

In any given year, a responsible body will be eligible either for a direct School Condition Allocation, or for the Condition Improvement Fund, but not both. However, it is possible that a CIF-eligible school transfers to an SCA-eligible responsible body, or *vice versa*, after they are notified of CIF-eligibility in the autumn. In those cases, we will not change the school's eligibility for that year, as the CIF application window has now closed. We will fund any successful CIF bids, even if the school has subsequently moved into an SCA-eligible responsible body.

Local authorities, non-maintained special schools, and special post-16 institutions<sup>3</sup> are automatically eligible for a direct School Condition Allocation, subject to the SCA terms and conditions. For academy trusts and VA bodies, the criteria are that both:

- the body has 5 or more open schools at the start of September 2019, and
- those open schools (or their predecessor schools) had at least 3,000 pupils counted in the spring 2019 census (see below for how pupils are counted).

If academy chains (groups of more than one trust that appear as linked in the Department for Education chains data) met our size criteria as a group on 1 April 2019, then we wrote to them to offer them the option of a single direct SCA, as we want to align funding with where decisions are made across the chain. We then check that the chains meet the two size criteria above at the start of September.

Single academy trusts, smaller multi-academy trusts (MATs), CIF VA bodies<sup>4</sup>, and sixth-form colleges apply to the Condition Improvement Fund instead. Schools with an academy order on 1 September that expected to convert into a CIF-eligible trust by 1 April were also invited to apply for CIF.

All of the above institution types are eligible for devolved formula capital.

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<sup>3</sup> As long as they also receive ESFA revenue funding

<sup>4</sup> Any dioceses below the SCA size threshold, and non-diocesan VA schools (if they are not part of collaborative VA SCA groupings), are eligible for CIF. However, for 2020–21, all diocesan VA schools are part of a diocese or a collaborative grouping that meets the size threshold for VA SCA.

## How pupils in different phases are counted

Whether for eligibility or for weighted pupil calculations (see below), all pupils on roll and registered as a sole or dual-main enrolment are counted. We use the spring 2019 census to determine eligibility, but we use numbers from other years to calculate funding amounts, in order to maintain stability. The table below shows how we count pupils in the different age phases.

**Figure 1: How unweighted pupil numbers are counted**

Pupil phase	Data source	Measure used
Early Years	School census	FTEs of entitlement hours plus extended funded entitlement hours, calculated as PTEs x 0.6
Primary, Secondary (including secondary sixth forms), special schools, PRUs, NMSSs, hospital schools	School census	Headcount of pupils
Sixth-form colleges, post-16 Free Schools, post-16 PRUs and AP, Academy post-16 colleges	ILR A & C	Total planned hours divided by 600
Special post-16 providers	ILR B	FTEs
Boarders	School census	FTEs (for Early Years) or headcount (for others)



## How we calculate weighted pupil numbers

Weighted pupil numbers underpin funding levels for both Devolved Formula Capital and the School Condition Allocations (but not eligibility). Numbers are weighted to reflect four factors:

- **Age-phase and type of pupils** – primary, secondary, sixth form, special school and boarding pupils have different weightings reflecting relative capital costs of their provision. These apply to both Devolved Formula Capital (DFC) and the School Condition Allocations.
- **School modernisation** – schools where 80% of their total floor area had been replaced or refurbished in the previous 10 years were generally not included in the Property Data Survey. For any school that was not included in the survey, each of its pupils has a 50% weighting applied to reflect that these schools will generally have lower maintenance need. Other schools receiving significant investment, such as PFI schools and those being addressed in phases one and two of the Priority School Building Programme – where they meet the above modernisation criteria – will also be treated as modernised. Figure 1 below summarises the treatment of these schools. The modernisation factor applies only to School Condition Allocations, not DFC.
- **School location** – location factors, produced by BCIS<sup>5</sup>, are applied to pupil numbers to reflect the different capital costs faced around the country. Location factors apply only to School Condition Allocations and not DFC<sup>6</sup>.
- **Voluntary aided schools** – VA governing bodies are legally responsible for their own capital works. The Secretary of State may assist, but by law can contribute no more than 90% of costs (apart from in exceptional circumstances), so we deduct 10% from VA allocations. These schools also do not have access to a VAT refund scheme, so we have increased their allocations to reflect this. The net impact is a VA factor that uplifts their DFC and School Condition Allocations by 8%<sup>7</sup>.

For 2020–21 DFC, pupil numbers are based on the spring 2019 School Census data. For 2020–21 SCA, since short-term changes in pupil numbers should not have a significant impact on condition need, we continue to use the spring 2014 School Census, with two exceptions:

- new schools with no predecessor, for which we use the first spring census after they open; and
- for directly-paid SCA, a local authority, VA body or MAT whose current schools have collectively increased their fully-weighted<sup>8</sup> pupil count by more than 10%

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<sup>5</sup> Building Cost Information Service.

<sup>6</sup> DFC typically covers much smaller expenditure, where the impact of any cost differentials is likely to be minimal.

<sup>7</sup> Calculated as  $90\% \times 120\% = 108\%$

<sup>8</sup> See following pages for an explanation of weightings

since the 2014 spring census (or first available spring census), will be funded for any growth in excess of 10%. There is also an equivalent increase for CIF.

**Figure 2: phase-related weightings**

<b>Pupil phase</b>	<b>Phase-related weighting</b>
Nursery / Primary	1.0
Secondary	1.5
Post-16	2.0
Special / PRU / Boarders	3.0

We will treat schools that are classed as modernised at the beginning of the allocation period (which began in 2015) as modernised schools throughout the whole period.

## **Fully-weighted pupils**

For **School Condition Allocations (SCA)**, fully-weighted pupils for each school are calculated as **pupil numbers x phase weight x modernisation factor x location factor x VA factor**. These school-level weighted pupils are then aggregated for all the schools within each responsible body.

For **Devolved Formula Capital (DFC)**, fully-weighted pupils for each school are calculated as **pupil numbers x phase weight x VA factor**. The VA factor is also applied to the per-school fixed sum.

## Devolved Formula Capital methodology

Devolved formula capital (DFC) is direct funding for individual institutions to maintain their buildings and fund other small-scale capital projects. It is allocated to maintained nursery, primary and secondary schools, special schools, pupil referral units, academies and free schools, non-maintained special schools, general hospital schools, and sixth form colleges. It is also allocated to those specialist post-16 institutions that have eligible state-funded pupils.

Each institution gets a fixed sum of £4,000 and a variable amount based on their pupil numbers multiplied by the appropriate weighting per pupil<sup>9,10</sup>, applied at the pupil rather than school level.

For example, a school with 50 primary pupils and 500 secondary pupils would have phase-weighted pupils of  $(50 \times 1) + (500 \times 1.5) = 800$ . The number of phase-weighted pupils is multiplied by the per-pupil rate of £11.25, to get the pupil numbers-based element of DFC. For the previous example, the school would receive  $800 \times £11.25 = £9,000$ , in addition to a lump sum of £4,000 to give a total DFC allocation of £13,000.

The allocations are calculated afresh each year to reflect the latest pupil numbers. In order that DFC allocations can be paid alongside SCA, the 2020–21 allocations are based on the spring 2019 school census and 2018/19 Individualised Learner Record. Pupil numbers taken from the census are all pupils on roll and registered as a sole or dual main enrolment. Any new schools or academies opening after the spring 2019 census will not receive a DFC allocation for 2020–21.

Local authorities (LAs) receive the DFC payments for their maintained schools and the LAs are required to pass on these allocations to the schools. Academy trusts, VA bodies, and other institutions receive their DFC from the DfE. Local authorities may receive a DFC payment for maintained schools that have recently converted to academies; they are required to pass this on to schools in the usual way, regardless of conversion status.

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<sup>9</sup> For voluntary aided schools, both the lump sum and per pupil rates are uplifted by the VA factor.

<sup>10</sup> Special post-16 institutions will only receive DFC or SCA if they receive ESFA revenue funding, and will only receive it in respect of their ESFA-funded students.

## School Condition Allocations methodology

School Condition Allocations provide funding to those bodies responsible for five or more schools to meet their own local condition priorities across their schools. This section explains how we have updated them for 2020–21.

### Updating the allocations

The allocations have been revised annually to take into account schools opening and closing, and changing responsible body. The approach is summarised below and Annexes A and B provide high-level diagrams of the methodology.

**Core condition funding:** Where a school has changed its responsible body (for example, on becoming an academy or moving between multi-academy trusts) its new responsible body receives the pupil-led funding attached to it. The amount of funding attracted by each school is fixed, and moves with the school (except that we remove the VA uplift when a VA school becomes an academy). New institutions receive funding based on pupil numbers in the first spring census or Individualised Learner Record after their opening, multiplied by the funding rate of £115.15 per pupil.

As in 2019–20, in 2020–21, if the current schools in a body receiving direct SCA have collectively increased their total weighted pupil number by more than 10% since 2015, then we fund any growth in excess of 10%.

**High condition-need funding:** Local authorities receive the same amount of high condition-need funding as in previous years, if they received any. This funding is intended to cover high need across the responsible body's estate. We have, however, calculated this element of funding for multi-academy trusts, chains, and VA SCA bodies, based on their open schools at the beginning of September 2019, and will increase their High Condition Needs funding if necessary. We will also pay relevant high condition needs funding to responsible bodies that become eligible in 2020–21. This is to ensure that those schools in disproportionately poor condition (according to the PDS) are not disadvantaged when they move responsible body.

**Floor protection funding:** Responsible bodies that received floor protection funding in 2015–16 will receive the same amount in 2020–21. This amount is fixed; if any responsible bodies have lost schools, and therefore the responsibility and core funding for those schools, they do not receive any further protection even if it tips them below 80% of what they got in 2014–15. This will be reviewed for future years.

**Condition Improvement Fund:** The aggregated funding for single academies, small multi-academy trusts, small VA bodies<sup>11</sup>, and sixth form colleges is retained centrally for the Condition Improvement Fund.

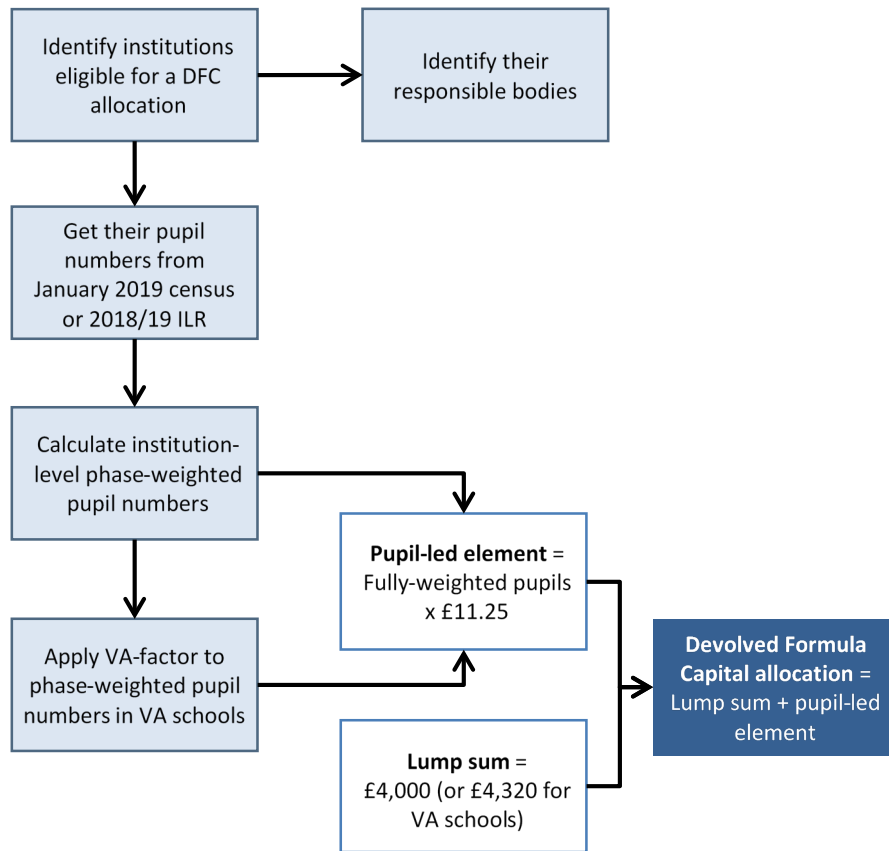
Although the CIF budget and direct SCA amounts have been calculated and allocated to reflect new academies that we expect to be established by 1 April 2020, there will be some schools that will convert to academy status after 1 April. Accordingly, local authorities and voluntary aided bodies are expected to treat schools considering conversion fairly, including by investing in high priority condition issues and honouring commitments of capital funding that they have made. On conversion, at a minimum, schools should be handed over in a safe condition with no health and safety or compliance issues.

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<sup>11</sup> Any dioceses below the SCA size threshold, and non-diocesan VA schools (if they are not part of collaborative VA SCA groupings), are eligible for CIF. However, for 2020–21, all diocesan VA schools are part of a diocese or a collaborative grouping that meets the size threshold for VA SCA.

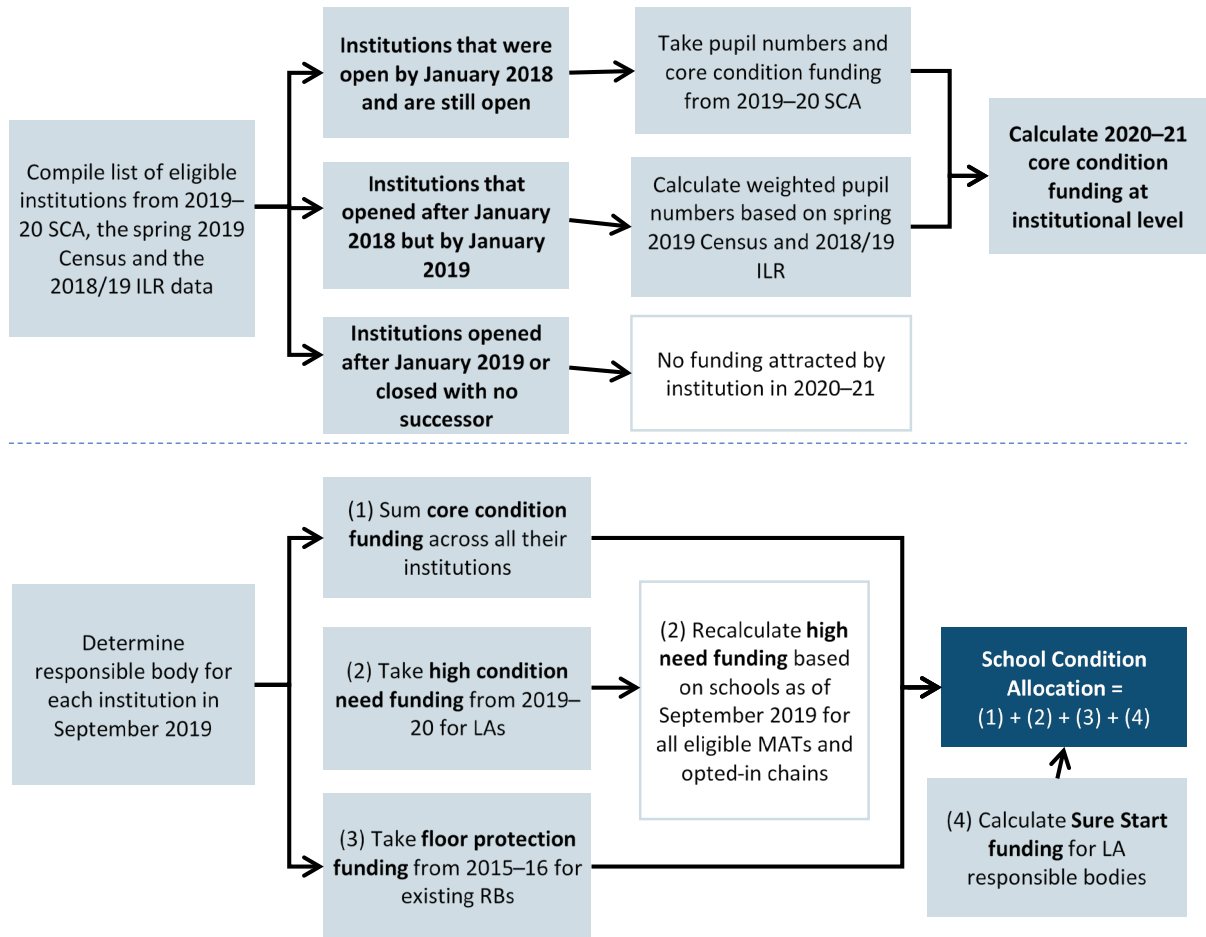
# Annex A – Diagram for DFC methodology

This diagram shows how the Devolved Formula Capital allocations are calculated.



# Annex B – Diagram for SCA methodology

This diagram provides an overview of how the School Condition Allocations are calculated.





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