



Department  
for Education

# Condition grants spend guidance

April 2021

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## Introduction

This document sets out the purposes of and restrictions around the various types of condition grant. Responsible bodies<sup>1</sup> (RBs) should consult the section below relevant to their RB type, as well as the frequently asked questions.

Unless responsible bodies notify us otherwise, in writing, 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, chains and VA bodies receiving SCA must sign and return the terms and conditions they have been sent before we will pay funding.

## Purpose of grants and spend period

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

## Grants to local authorities

The condition funding grant determination sets out the conditions of grant for payments to local authorities in the 2021 to 2022 financial year. The Secretary of State for Education makes grant determinations under section 31 of the [Local Government Act 2003](#).

## Guidance on good estate management

The Department has published [guidance on good estate management](#), which sets out the policies, processes and documents that schools, academy trusts and other responsible bodies should consider when managing their estates effectively. You should review the [fundamentals of good estate management](#) and use the [self-assessment tool](#) provided to assess your organisation’s approach. Further tools are also available to help you make sure you have the right skills, processes and policies in place.

To manage the estate strategically, you should:

- Develop and agree with its Board an estate vision, strategy and asset management plan;
- Have clear, documented roles and responsibilities, processes and procedures covering: governance, budget and finance, performance management and other

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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.

data related to the estate, procurement and delivery of projects, and emergency planning;

- Develop policies and procedures that ensure buildings support the provision of a safe environment for children and staff, and comply with all relevant regulations, including, but not limited to, those related to health and safety, fire safety and the control and management of asbestos;
- Understand the estate and maintain it through a prioritised programme of maintenance and building works informed by up to date and costed condition data;
- Ensure a robust and value for money approach to prioritising, planning, procuring and delivering and monitoring projects.

You should also follow the guidance in Managing Asbestos in Schools, which can be found here: <https://www.gov.uk/guidance/asbestos-management-in-schools>.

We provide a list of quality-checked, approved buying frameworks that can help you get value for money and comply with buying procedures and procurement law. The *Find a Framework* tool along with buying guidance can be found here:

<https://www.gov.uk/guidance/buying-for-schools>.

## Frequently asked questions

### What is condition funding and who gets it?

The Department for Education allocates funding each year to help maintain and improve the condition of school buildings and grounds.

In any given financial year, eligible schools can access funding through one of:

- school condition allocations (SCA), with funds paid to eligible bodies responsible for maintaining school buildings
- the condition improvement fund (CIF), a bidding round with funds paid directly to single academy trusts, small multi-academy trusts (MATs), small voluntary aided (VA) bodies and sixth-form colleges

In addition, devolved formula capital (DFC) is allocated for individual schools and other eligible institutions to spend on capital projects that meet their own priorities.

### 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. MATs, chains and VA bodies receiving SCA should also consult their terms and conditions.

### My school has moved between responsible bodies mid-year – will this change the allocation?

No. Once the allocations are published, we will not generally make further changes for that year unless we have made an error. SCA will reflect the schools in a responsible body at the start of April 2021. The only exception to this is schools that were eligible to bid into the Condition Improvement Fund (CIF). We notified schools of their eligibility for FY 2021–22 CIF in November 2020. Once a school is CIF eligible, we will not normally change its eligibility for that financial year; this is to avoid schools working on CIF bids that are then not considered. If a school has converted into a CIF-eligible trust but was not invited to bid to CIF, the funding that it attracts will instead be allocated to its previous responsible body.

## **My school has converted – why has my DFC gone to the LA?**

Since DFC is a school-level allocation, DFC payments are made using the latest payment details we have on record for each institution. Sometimes payment details can't be updated in time, but LAs should pass DFC on to schools regardless of conversion status.

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

SCA will reflect the eligible schools in a responsible body at the start of April 2021. The only exception to this is schools that were eligible to bid into the Condition Improvement Fund (CIF). We notified schools of their eligibility for FY 2021–22 CIF in November 2020. Once a school is CIF eligible, we will not normally change its eligibility for that financial year; this is to avoid schools working on CIF bids that are then not considered. If a school has converted into a CIF-eligible trust but was not invited to bid to CIF, the funding that it attracts will instead be allocated to its previous responsible body.

## **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 based on a size threshold and is automatic.

## **What can I spend my DFC allocation on?**

DFC provides schools with capital funding to address their own priorities, such as 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 professional 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.

- DFC – all schools can decide individually

- CIF – must be spent on the project detailed in the approved bid
- SCA – this depends on the type of school:
  - Community, foundation, and voluntary controlled – the local authority
  - VA SCA – the relevant VA body
  - Academies in SCA MATs or chains – the MAT or chain.

## **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?**

Please consult the methodology document at <https://www.gov.uk/guidance/school-capital-funding>.

## **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 capital projects at those schools. In all academy conversions, responsible bodies are, at a minimum, expected to hand over schools in a safe condition, with no urgent health and safety needs.

## **What are the rules for carrying spend forward?**

Capital funding is based on financial years (April to March), not academic years. You must spend DFC within 3 financial years, with year one being the financial year payment is made. For SCA, please consult the relevant table, below. SCA MATs and SCA VA bodies should consult their terms and conditions.

## **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 SCA 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 ESFA. DFC spending will form part of academies' annual audited accounts. We do not require academies to provide separate spending information on DFC to ESFA.

## **What was the additional capital funding for 2020–21?**

In June 2020, the Prime Minister announced an extra £560 million in 2020–21 for essential maintenance and upgrades. This additional funding is subject to the same terms and conditions as the standard SCA that was published in the financial year 2020–21.



## Condition grants by type of responsible body

### Local authorities (LAs)

Grant	Paid under	Expected payments	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 June	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 ESFA's annual capital grant monitoring exercise.

A condition funding grant determination sets out the conditions of grant for payments to local authorities in the 2021 to 2022 financial year. The Secretary of State for Education makes grant determinations under section 31 of the [Local Government Act 2003](#).

## Academy trusts and chains

Grant	Paid under	Expected payments	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 June	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 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.

## Non-maintained special schools

Grant	Paid under	Expected payments	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 FY the grant is paid	Recipients of grant are expected to comply with any requests from the ESFA requesting spend information for the grant.

Grant	Paid under	Expected payments	Purpose	Time limit	Assurance activity
Devolved Formula Capital	Education Act 2002, section 14	Single payment in June	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 ESFA requesting spend information for the grant.

### Special post-16 institutions

Grant	Paid under	Expected payments	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 FY the grant is paid	Recipients of grant are expected to comply with any requests from the ESFA requesting spend information for the grant.
Devolved Formula Capital	Education Act 2002, section 14	Single payment in June	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 ESFA requesting spend information for the grant.

## Sixth-form colleges

Grant	Paid under	Expected payments	Purpose	Time limit	Assurance activity
Devolved Formula Capital	Education Act 2002, section 14	Single payment in June	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 ESFA requesting spend information for the grant.

## Voluntary aided (VA) bodies<sup>2</sup>

Grant	Paid under	Expected payments	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 June	Funding for individual institutions to maintain their buildings and fund small-scale capital projects, or can be pooled across schools with the schools' agreement.	3 financial years with year one being the year payment is made	Recipients of grant are expected to comply with any requests from the ESFA requesting spend information for the grant.

<sup>2</sup> Where the body is anything other than the school's governing body, they are acting on the governing body's behalf.



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