



Education
Funding
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Capital maintenance funding for multi- academy trusts

October 2014

Introduction

In recent years, most multi-academy trusts (MATs) with 10 or more academies have received a formulaic Academies Capital Maintenance Fund (ACMF) allocation. Reviews of this approach have identified significant benefits for MATs, including:

- the guarantee of funding is a major attraction. It allows trusts to plan and budget more effectively, and can be more easily consolidated into their accounts and reporting systems
- affirmation of independence and self-reliance, with priorities identified and decisions made by trusts rather than EFA
- flexibility in how the funding is deployed (within the overall priorities and terms and conditions of grant)
- resource savings and procurement efficiencies can be obtained, and less time and money wasted on preparing and submitting unsuccessful ACMF applications

Arrangements for 2015 to 2016

Following the successful introduction of these arrangements, from 2015 to 2016 most MATs with 5 or more schools and at least 3,000 pupils as of 1 September 2014 will receive a formulaic capital funding allocation for all their academies for the 2015 to 2016 financial year.

Formulaic allocations may not be made where we have concerns about a MATs ability to manage capital funding allocations effectively.

The allocation will be based on those academies covered by a Master Funding Agreement with the trust, and those with a signed Academy Order that are due to join the trust on or before 31 March 2015. The formulaic allocation will be determined by aggregating a notional allocation for each of these academies. The value of this fund will be based on the Department for Education's formulaic allocations for all schools, which we expect to announce in December. There is no expectation that trusts will direct the funding according to the notional amounts that will be identified per academy by the formula. Trusts are free to deploy funds in line with their priorities across their estate, taking note of the priorities for the wider Capital Improvement Fund (CIF) programme.

Those academies included under this definition **will not be eligible** to submit separate applications to the Condition Improvement Fund.

Support package

We will be developing a focussed package of support to help MATs build capacity to manage capital funding allocations. This support will be targeted at those trusts who have not received formulaic capital maintenance allocations before. We expect to launch this

at the Academies Show on 26 November 2014. In the meantime, trusts who are to receive a formulaic allocation should consider:

- reviewing or developing their strategy for property maintenance and expansions
- identifying and costing the priority projects within the trust
- start or continue collecting and recording detailed condition information on their academies
- consider how they can reduce costs and improve procurement efficiency through bulk purchasing and other methods
- work with other trusts where there are benefits to be gained from collaboration and pooling of resources
- where not already in place, develop the administrative, management and training mechanisms that will be required to handle a formulaic allocation

Use of funding

MATs that receive a formulaic allocation will be required to sign a Notice of Grant linked to the Master Funding Agreement. They will also have to report to EFA on their use of funds during and at the end of the financial year.

The allocation will be a capital grant and must be used exclusively for capital expenditure to purchase or improve assets owned by the trust or secured on a long lease. The trust can deploy these capital funds across its estate in accordance with its priorities, noting the key priorities for the Condition Improvement Fund:

- keeping academy and college buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency and health and safety issues with the most significant consequences, that cannot be met from revenue or Devolved Formula Capital funding
- supporting popular, successful academies that wish to expand their existing facilities and floor space

The trust will be expected to have a suitable plan that demonstrates the strategic use of the allocated funds across their estate. Funding may be deployed alongside other financial sources – including reserves, endowment funds, and external sources such as basic need funding from local authorities.

Trusts will need to follow HM Treasury guidelines in the procurement of goods and services, to secure best value for money. In particular, contracts of work, equipment, stores and services etc. awarded by the trust must be placed on a competitive basis, unless there are good reasons to the contrary. Tendering procedures must comply with

EU Procurement Directives and UK Procurement Regulations where applicable, and any additional guidance issued by the department.

Further information on use of funding, terms and conditions, payment and reporting arrangements will be made available to eligible trusts before the start of the 2015 to 2016 financial year.

Timescales

In October 2014 we will write to those eligible MATs with at least 5 academies and 3,000 pupils on to confirm that they will be receiving a formulaic capital funding allocation from 2015 to 2016.

We expect to announce the value and duration of the formulaic allocations in December as part of the wider funding announcement referred to above. The department is looking at how we might provide more certainty over future funding, including the potential for multi-year allocations.

Trusts who believe that they qualify for these arrangements but have not received confirmation by 27 October 2014 should contact us immediately through Academy.QUESTIONS@education.gsi.gov.uk.

Key dates

| Action | Date |
|---|--------------------------------|
| Initial letter to eligible MATs confirming they will receive formulaic allocations | 27 October 2014 |
| Launch of support package for MATs receiving a formulaic allocation for the first time | 26 November 2014 |
| Indicative allocations to eligible MATs | December 2014 (estimated date) |
| 2015 to 2016 final allocations, funding profiles and Notices of Grant sent out to eligible MATs | April 2015 |



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