Department for Education

Further education college condition allocation 2025 to 2026: Spend guidance

April 2025

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Summary

This publication provides non-statutory guidance from the Department for Education (DfE). It has been produced to help further education (FE) colleges and designated institutions, as responsible bodies, to understand the purpose of the FE College Condition Allocation and provide guidance on how it can be spent. This guidance is for the allocation paid in the 2025 to 2026 financial year only.

Who this publication is for

This guidance is for those responsible for the spend and oversight of the FE College Condition Allocation within FE colleges and designated institutions, collectively referred to as FE colleges in this guidance.

Introduction

The FE College Condition Allocation is for capital investment in maintaining, improving and ensuring the suitability of the FE college estate.

All condition funding is calculated and paid in financial years (01 April to 31 March). This document provides guidance on the allocation for 2025 to 2026. This document should be read alongside:

- the methodology document explaining the formula used to calculate this allocation; and
- individual FE college allocations.

Eligibility for Further Education College Condition Allocation

All FE colleges and designated institutions are eligible to receive an allocation of funding. These are:

- institutions established as a further education corporation, as defined in section 17(1) of the Further and Higher Education Act 1992 (FHEA 1992) (FE corporations); and
- designated institutions for further education established under section 28 of FHEA 1992.

The status of FE colleges and designated institutions is taken as at 01 January 2025.

Sixth Form Colleges receive separate condition allocations under Devolved Formula Capital. Details are available here: [School capital funding - GOV.UK]

Purpose of the grant

This allocation is intended to be used to maintain, improve and ensure suitability of the FE college estate.

These allocations **must** be used for capital expenditure.

Guidance on spend

The terms and conditions of spend are set out in the grant agreement letter and annexes. FE colleges must refer to these terms and conditions and this guidance when planning how to spend the allocation.

Eligible spend

FE colleges have the discretion to decide how this funding should be spent towards improving the condition and preventing deterioration of FE college buildings and grounds, prioritising safety and keeping buildings operational.

While funding may be used on suitability projects, this should not be at the expense of condition improvement projects potentially leading to a backlog of condition improvement problems. DfE reserves the right to consider how allocations have been used to prevent deterioration in assessing colleges' future funding needs.

Funding can be used for IT infrastructure that is in poor condition, including stripping out of existing and replacement of new cables, data outlets and trunking as necessary. Infrastructure is limited to passives (cabling), actives (switching and wifi) and associated components.

Ineligible spend

This allocation cannot be used to fund IT equipment and software - for example, revenue funded items such as laptops, desktops, annual software licences, cyber security measures and other devices for staff or learners. Funding cannot be used for the replacement of servers.

This allocation should not be used to fund expansion of premises or to purchase land. This includes purchasing land, buildings and other assets.

FE colleges must only invest funding in an asset that is owned by their FE corporation by freehold or under a long-term lease, in the region of 125+ years, at a peppercorn or nominal rental. Funding should not be used for capital expenditure that will be met under a private finance initiative (PFI) contract.

Funding should not be used for non-capital expenditure. This includes but is not limited to:

- rent or service charges
- internal and external staffing costs
- recoverable VAT costs incurred
- advertising, marketing, communications or consultancy
- development or updating of websites

Grant conditions and assurance

FE colleges must sign and return the grant funding agreement issued by DfE in advance of receiving funding. The assurance requirements of this allocation will be set out in the grant funding agreement.

Timeline for spend and clawback

Funding must be spent by 31 March 2028. FE colleges are encouraged to plan and deliver proposed condition improvement works as soon as possible within the spend window. DfE reserves the right to claw back funding that has not been spent by the funding deadline or that has not been used in line with the terms and conditions.

Guidance on estate planning

DfE has published good practice guidance on further education estates planning, which sets out the policies, processes and documents that FE colleges should consider when managing their estates effectively and this should be taken into account when planning how to spend this allocation.

All FE colleges should have an up to date estate strategy which sets out:

- The vision and strategic aims for their estate
- A strategic review of their current estate
- Priorities for condition improvement of their estate
- Priorities for meeting the needs of their curriculum
- Options generation
- Options evaluation
- Recommendations and action plan

Subject to the further constraints within this spend guidance and the grant funding agreements, we expect this funding to be prioritised on condition-related projects as considered within the estate strategy.

Guidance is also given on asset management and maintenance. Spend should be in line with FE college's asset management plan and priorities, which should align with the overall estate strategy.

The FE college's board of governors are ultimately responsible for overseeing the management of land and buildings in line with the FE and sixth-form college corporations: governance guide. This guidance provides that governors should be responsible for signing off the FE college's estate strategy and maintenance plan

Energy Efficiency and Sustainability

The way that FE colleges manage and develop their estate can have a significant impact on both environmental footprint and their finances. FE colleges should prioritise spend in a way which prioritises meeting net zero targets, sustainability and energy efficiency.

FE colleges have an important role to play in responding to climate change, and sustainability considerations should underpin all estates activities, including the delivery of new capital projects. DfE further education sustainable estates guidance provides details about how to plan, manage and deliver a sustainable further education estate.

The following guidance sets out how FE colleges can target condition improvement funding to reduce their energy demand and consumption, driving down energy costs and carbon emissions: Energy efficiency: guidance for the school and further education college estate - GOV.UK

Procurement

FE colleges are strongly encouraged to consider using procurement frameworks available to them from DfE[1] or locally to procure condition improvement work to assure they are getting the best value for money and best quality. DfE provides a list of quality-checked, approved buying frameworks for education providers that can help responsible bodies get value for money and comply with buying procedures and procurement law.

[1] The 'Find a Framework' tool along with buying guidance can be found here.

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