



Department
for Education

Condition funding: methodology for the financial year 2022–2023

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

March 2022

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Introduction

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

- Allocations for individual institutions through **Devolved Formula Capital (DFC)**;
- Allocations to the bodies responsible for managing capital funding¹ through formulaic **School Condition Allocations (SCA)**; and
- Access to funding for academies and voluntary aided (VA) bodies not eligible for School Condition Allocations, 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 2022–23.

Changes to the allocation methodology for the financial year 2022–23

Our aim for condition funding is that responsible bodies receive a fair share of the available budget that takes account of their relative investment needs. Our approach to the allocations recognises the need for capital repair and replacement to keep buildings in good condition, while day-to-day maintenance should be paid for by revenue funding. **In 2021-22, we introduced a revised condition funding system, using new data from the Condition Data Collection and more up-to-date pupil numbers.** This new system more accurately reflects condition need and is simpler and easier to understand.

To support the introduction of this methodology, we implemented transition protections, which meant that in 2021-22 responsible bodies eligible for SCA received at least as much as they did in 2020-21. However, these protections also meant that funding was being directed to some responsible bodies based on old data and previous levels of funding. We are now beginning to move all responsible bodies eligible for SCA to the full funding methodology. For the 2022-23 allocation round protected responsible bodies will receive no less than 75% of the allocation they received in 2020-21. The reduction in funding needed to support transition protections has been recycled back into the formula.

We intend to further reduce the level of protection offered by 25% points per annum until 2025-26, when no protection will remain. However, the exact methodology for calculating SCA in future years is yet to be confirmed, and we will keep this approach under review.

¹ 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.

Responsible bodies and eligible institutions

Every institution eligible for an allocation has 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, special schools and other specialist providers for state-funded pupils. We calculate allocations for voluntary aided schools using groupings that have been agreed with the voluntary aided (VA) sector (commonly a diocese or group of dioceses). A small number of VA schools are not part of a VA SCA group but are instead eligible for CIF.

All of the institution types listed below are eligible for Devolved Formula Capital (DFC).

SCA responsible bodies and their institutions

Local authorities receive a single formulaic allocation to invest in their **maintained non-VA schools** according to their own assessments of condition need.

Multi-academy trusts² and **VA bodies with 5 or more schools and at least 3,000 pupils** receive a single formulaic allocation to invest in their schools according to their own assessments of condition need. Details of how pupils are counted for eligibility purposes are provided on page 8.

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

Non-maintained special schools and **special post-16 institutions³** receive a direct allocation in respect of their state-funded pupils.

Newly opened and closed institutions

In order to be eligible for SCA (including CIF) and DFC, institutions must appear on the spring 2021 census and/or the 2020/21 Individualised Learner Record (ILR), and still be open (or have a successor still open) at the start of April 2022.

Institutions that close with no successor *after* the start of April 2022 will attract SCA for the final time in financial year 2022–23. However, to receive DFC, institutions must still be open at the point of payment. This is because DFC is an institution-level allocation and is not intended for pooling across a responsible body.

² academy trusts that operate more than one academy school

³ SPIs must be in receipt of revenue funding from ESFA for the relevant financial year in order to be eligible for SCA or DFC.

Overview of the funding streams

Who the funding is for

We allocate **Devolved Formula Capital (DFC)** to eligible individual institutions – maintained schools, academies, sixth form colleges, NMSSs, and SPIs.

In addition, these institutions are either part of a responsible body eligible for **School Condition Allocations (SCA)**, or can bid to the **Condition Improvement Fund (CIF)**:

- Larger multi-academy trusts and VA bodies, plus all local authorities, and eligible NMSSs and SPIs, receive **direct SCA** payments
- Smaller academy trusts and VA bodies, and all sixth-form colleges, can bid to **CIF**.

Eligibility timing

In any given financial year, an eligible school will either attract direct SCA for its responsible body, or be eligible for CIF, but not both. Eligibility for either direct SCA or CIF is determined in the preceding autumn term (in this case, autumn 2021). This is to ensure that those eligible for CIF have time to prepare bids.

Devolved Formula Capital (DFC)

We will calculate Devolved Formula Capital using the same methodology as in previous years. Every eligible school gets a fixed sum, and a variable amount based on pupil numbers. Pupil numbers come from the 2021 spring school census, or the 2020/21 ILR for post-16 institutions.

School Condition Allocations (SCA)

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.

We update allocations annually to reflect new or closing schools, and where a school has moved to a new SCA responsible body. Allocations to local authorities also include a small amount of funding for Sure Start centres.

Eligibility for directly paid SCA

Local authorities, non-maintained special schools, and special post-16 institutions⁴ are automatically eligible for direct SCA, subject to any terms and conditions. Academy trusts and VA bodies must have met both eligibility criteria below:

- the body had 5 or more open schools at the start of September 2021, and
- those open schools (or their predecessor schools) had at least 3,000 pupils counted in the spring 2021 census and/or the 20/21 ILR.

For special and alternative-provision schools (including pupil referral units), we now multiply the pupil count by 4.5 for determining SCA eligibility. For example, we count a MAT with 1,000 pupils in special schools as having 4,500 pupils. This is because these schools tend to have lower pupil numbers for their size and more complex facilities. We are now recognising that in their eligibility for SCA.

For eligibility, we count all pupils that are sole, dual-main, or dual-subsidary enrolled. If pupils are registered at more than one institution, we divide the count by the number of institutions that the pupil is registered at. For example, pupils dual registered at a mainstream school and a pupil referral unit (PRU) would have their count divided by 2 at both institutions.

For nursery schools and sixth forms, we use the number of full-time equivalent (FTE) pupils rather than headcount.

In autumn 2021, we notified academy trusts and VA school bodies that are eligible for SCA in the financial year 2022 to 2023. Eligibility should not be assumed unless it has been confirmed.

⁴ As long as they also receive ESFA revenue funding

The Condition Improvement Fund (CIF)

The **Condition Improvement Fund** allocates funding to specific projects for successful bidders. Single and small academy trusts, CIF-eligible VA bodies⁵, and sixth-form colleges do not receive directly paid SCA. We calculate funding for these institutions using the same formula as SCA to maintain parity, and then aggregate it to form the Condition Improvement Fund, which these institutions can bid into for funding. The size of the Fund therefore reflects the need of the institutions eligible to bid.

Applications to CIF for financial year 2022–23 are now closed; we informed institutions of their eligibility in autumn 2021. Applications for the 2022-23 financial year closed on 15 December 2021. We expect to announce outcomes in spring 2022.

Eligibility for CIF

Single and smaller academy trusts, CIF-eligible VA bodies, and sixth-form colleges apply to CIF instead of receiving SCA directly. Schools with an academy order at the start of September 2021 that we expected to convert into a CIF-eligible trust by 1 April 2022 were also invited to apply. If a school ultimately remains within an SCA responsible body or transfers to an SCA responsible body after being invited to apply to CIF, we will not normally change its eligibility for that year, to avoid schools wasting time on CIF bids that are then not considered. We will fund any successful CIF bids, even if a CIF school subsequently changes its responsible body. The funding will be provided to the new responsible body.

⁵ 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.

How we count pupils

Unweighted pupil numbers

We use the spring 2021 census both for funding and for eligibility purposes. This means that we use the same pupil numbers throughout, in both SCA and DFC.

- For **funding**, we count all pupils that are sole, dual-main, or dual-subsidary enrolled. If pupils are registered at more than one institution, we divide the count by the number of institutions that the pupil is registered at. For example, pupils dual registered at a mainstream school and a PRU would have their count divided by 2 at both institutions. This splits funding between the institutions that pupils attend. Pupil numbers are weighted by pupil phase (see Table 1 below).
- For **eligibility**, we also count all pupils that are sole, dual-main, or dual-subsidary enrolled, as we do for funding. We do not weight pupil numbers by phase, but we do multiply the pupil count for pupils in special and alternative-provision schools (including pupil referral units) by 4.5. For example, we would now count a MAT with 1,000 pupils in special schools as having 4,500 pupils. This is because these schools tend to have lower pupil numbers for their size and more complex facilities.

The table below shows the different data sources that we use, and how we count pupils from these different sources.

Table 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, with funding split in cases of dual registration (see above)
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 , as above (for others)

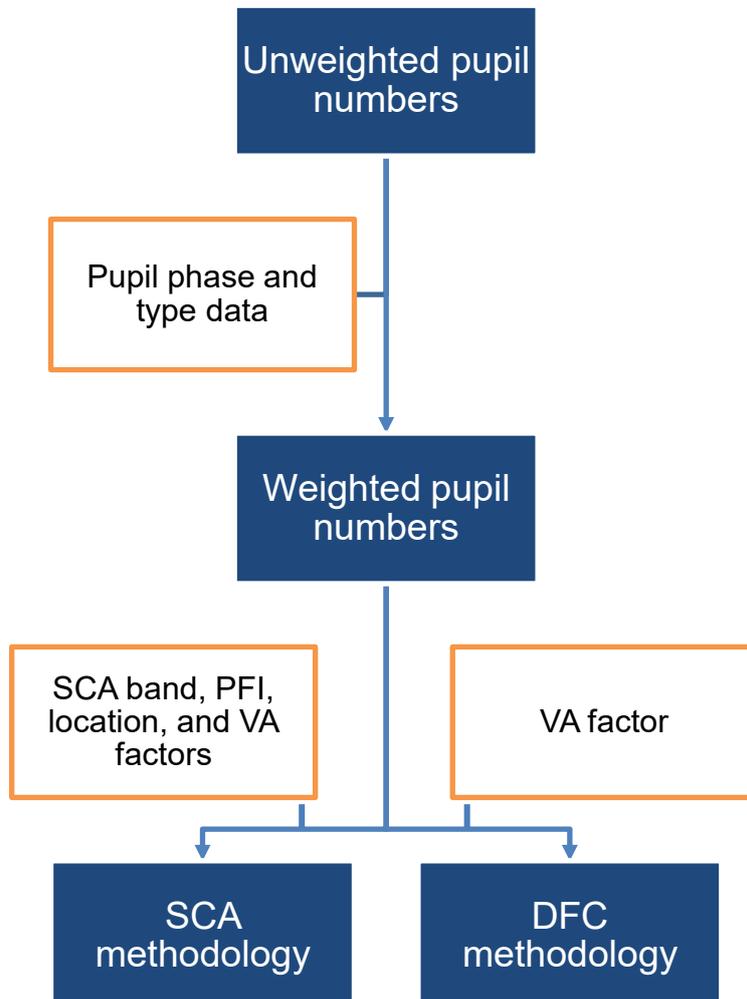
Weighted pupil numbers

Weighted pupil numbers underpin funding calculations for both Devolved Formula Capital and the School Condition Allocations. We weight the numbers to reflect the different levels of floor area per pupil in different settings.

Table 2: phase-related weightings

Pupil phase	Phase-related weighting
Nursery / Primary	1.0
Secondary	1.5
Post-16	2.0
Special / PRU / AP / boarders	4.5

Summary of how we use the pupil numbers



School Condition Allocations methodology

School Condition Allocations (SCA) are for responsible bodies to meet their condition priorities across their schools.

In addition to the phase weightings explained above, SCA includes factors for **CDC condition band, location, VA status, and PFI status**. For the 2022-23 allocation round we use an unadjusted funding rate of £148.50, compared to £115.15 in 2020-21 and £146.00 in 2021-22. This means that the total contribution of each school to its responsible body's SCA is as follows:

£148.50 x weighted pupils x SCA band x location factor x VA factor x PFI factor

SCA condition band factors

The CDC dataset brings together condition data covering almost all⁶ schools in the English school estate. The programme collected data between 2017 and 2019, with schools having the opportunity to review their information before the data was finalised. A full explanation of how CDC data was collected can be found at [Condition Data Collection programme: information and guidance](#).

We have calculated relative condition need in each school using the sum of the condition need graded B, C or D as identified in CDC data, divided by the gross internal floor area, to give relative condition need per square metre for each school. Schools have been placed in funding bands according to their relative condition need. A school in relatively poor condition will attract a higher funding rate than one in average condition. A school in relatively good condition will attract a lower funding rate. Schools in average condition are in band G.

As SCA is intended to be used for significant capital works in relation to all parts of a responsible body's school estate, we take the condition of all elements of a building and of external areas of the site into account when calculating need. This is a different methodology from that used to identify schools that qualified for inclusion in the first 100 schools of the [School Rebuilding Programme](#), and how CDC will be used to inform prioritisation of schools in the programme. SCA condition bands are not necessarily a reliable indication of a school's priority for rebuilding.

⁶ SPIs and a very small number of other institutions were not visited, for example when undergoing construction work. In these cases, no adjustment applies (band G).

Table 3: SCA condition bands and the funding factors associated with them

SCA condition band	Funding factor	SCA condition band	Funding factor
A	x 0.4	N	x 1.7
B	x 0.5	O	x 1.8
C	x 0.6	P	x 1.9
D	x 0.7	Q	x 2.0
E	x 0.8	R	x 2.2
F	x 0.9	S	x 2.4
G (average condition)	x 1.0 (no adjustment)	T	x 2.6
H	x 1.1	U	x 2.8
I	x 1.2	V	x 3.0
J	x 1.3	W	x 3.5
K	x 1.4	X	x 4.0
L	x 1.5	Y	x 5.0
M	x 1.6		

Location factors

We apply location factors, produced by Building Cost Information Service, to reflect the different cost levels around the country.

VA factor

VA governing bodies are legally responsible for their own capital works (apart from on playing fields). 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 of x1.08, which increases their School Condition Allocations (and DFC) by 8%⁷.

PFI factor

We apply a PFI factor of x0.5 to schools with PFI status. Schools with PFI status are those in respect of which the department is currently paying PFI credits to a LA. This is to reflect the fact that significant capital maintenance costs are covered by the PFI arrangement.

⁷ Calculated as 90% x 120% = 1.08

Totals for each responsible body

We calculate the total SCA for each responsible body simply by adding up the final SCA attracted by each of its schools. Once we have calculated responsible body totals, we distribute the total Sure Start budget among LAs in proportion with their SCA totals.

Transition protections

In 2021-22, we introduced transition protections to support the move to the new methodology, which ensured that no responsible body eligible for SCA in 2021–22 received less SCA than in 2020–21. If the calculated amount of funding was less, then a transition protection made up the difference. This protection applied to the standard SCA published in spring 2020, not the one-off additional SCA published in summer 2020.

Our aim for condition funding is that the available budget is distributed in a fair way, based on the relative investment needs of responsible bodies. We therefore want the amount received by a responsible body to be determined by the condition need of their schools and calculated on a consistent basis, instead of linked to previous allocation rounds. We are now beginning to move all responsible bodies eligible for SCA to the full funding methodology.

This is why in the 2022-23 allocation round we have reduced the amount that is spent on protections. In the 2022-23 allocation round, for those who received protections in 2021-22 we will provide a protection where the calculated allocation for 2022-23 is less than 75% of the amount received in 2020-21. This means that if the calculated SCA for a responsible body is less than 75% of the amount they received in 2020-21, we will provide a transition protection to make up the difference, so their final allocation equals 75% of the amount they received in 2020-21. If their calculated SCA is higher than 75% of the amount they received in 2020-21, they will receive their calculated SCA.

This has released more funding to be spent elsewhere in the formula and has allowed us to increase the unadjusted funding rate, which benefits most responsible bodies. In 2022-23, responsible bodies that received protections last year will still receive at least 75% of the amount they received in 2020-21. We wrote to responsible bodies likely to be affected by this change earlier this year.

We intend to further reduce the level of protection offered by 25% points per annum until 2025-26, when no protection will remain. So, for example, in 2023-24, if a protected RB receives a calculated amount that is less than 50% of the amount they received in 2020-21, they will receive a protection. However, the exact methodology for calculating SCA in future years is yet to be confirmed, and we will keep this approach under review.

The Condition Improvement Fund

We retain the funding for all CIF-eligible institutions centrally, to make up the CIF budget that these institutions can bid for.

Academy conversions

SCA calculations reflect the eligible schools in each responsible body at the start of April 2022. The only exception to this is for schools that were eligible to bid into CIF. We notified schools of their CIF eligibility for FY 2022–23 in October 2021. 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.

There will be some schools that will convert to academy status after the start of April. LAs and VA bodies should treat schools considering conversion fairly, including by investing in high-priority condition issues and honouring any commitments of capital funding that they have made. On conversion, at a minimum, schools should be in a safe condition with no health and safety or regulatory compliance issues.

March publication

For the 2022-23 financial year, we published provisional allocations in March based on data taken from January 2022. This has allowed us to provide advance notice of allocations to responsible bodies to provide additional time to plan how to spend their allocations. The final allocations are based on the eligible schools in each responsible body at the start of April 2022, so later in the spring the publication file is updated to reflect any school movements between January and April (for example, school closures, academisations and mergers).

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.

Each institution gets a fixed sum of £4,000 and a variable amount based on their weighted pupil numbers (see page 9). DFC also includes a factor for VA status. The DFC base rate is £11.25. This means that the total DFC calculated for each school is as follows:

$$\text{ (£4,000 + £11.25 x weighted pupils) x VA factor}$$

For example, a school with 50 primary pupils and 500 secondary pupils would be treated as having $(50 \times 1) + (500 \times 1.5) = 800$ weighted pupils. The school would receive $800 \times £11.25 = £9,000$, in addition to the per-school sum of £4,000, to give a total allocation of £13,000. If the school were a VA school, we would then apply the VA factor of $\times 1.08$ to give a total of £14,040.

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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