



Estate Management Funding Policy

Our vision is to enable all to flourish.

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Responsible group:	Estates and Operations Committee
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Part 1: Types of funding

At the point of publishing this policy, the following capital funding is available to Trusts:

1.0 School Condition Allocation (SCA)

- 1.1 The Trust is eligible for a direct allocation of funds through the School Condition Allocation (SCA) from the Education and Skills Funding Agency (ESFA).
- 1.2 This allocation will be based on a formulaic approach incorporating pupil numbers, school characteristics and condition of the buildings. The intention is that the available funding will be used across the whole estate to address compliance and condition issues.
- 1.3 Trustees prioritise spending on work which keeps school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues.
- 1.4 The ESFA grant allocation does not include funding for VAT and no additional ESFA grant is available to cover unrecoverable VAT.
- 1.5 SCA funds will be allocated to the Trust in April each year for schools that were part of the Trust as at January of that year or holding an academy order and planning to join before April of the funding year.
- 1.6 Schools joining the Trust between the period 1 April to 31 March will only be reflected in the SCA funding allocation from the following April.

2.0 Devolved Formula Capital (DFC)

- 2.1 Devolved Formula Capital is funding which is allocated to individual institutions, via the Trust, to maintain buildings and fund small-scale capital projects.
- 2.2 DFC funding can be used for improvements to buildings and other facilities, including ICT, or capital repairs / refurbishment, compliance and minor works.
- 2.3 Funding is received in a single payment in July.
- 2.4 Funding must be spent within three years of allocation.
- 2.5 The projects that should be prioritised for each school using this funding should be informed by premises development plans and in discussion with the Business and Operations team at the start of each year. This is to ensure that they are aligned with any planned SCA works and meet the priorities set out in your premises plan.

3.0 Additional government funding

- 3.1 Public Sector Low Carbon Skills Fund: Grants are available to schools to access loan funding for energy efficient technologies schemes in order to achieve carbon reduction targets set by the Government. The Business and Operations team will apply for grants

centrally where appropriate, and any funds received will be prioritised in line with the Trust wide energy audit and the carbon reduction strategy.

- 3.2 Occasionally the ESFA issues one off additional funding for certain capital project initiatives. Any funds of this nature will be centralised and prioritised across the estate in line with trust wide estates strategy and priorities.

Part 2: Trust prioritisation for capital funding

1.0 Introduction

- 1.1 The Trust will deliver its Estate Management Strategy focused around two strategic priority areas.

- 1) Health and safety / building condition and compliance
- 2) Educational outcomes and the common good

- 1.2 Each area is subdivided into several sections and these are listed in priority order.

2.0 Strategic Priority Area 1: Health and safety / building condition and compliance

- 2.1 **Priority 1:** Ensuring a healthy and safe working environment for all by managing ongoing building repairs and maintenance, and meeting all statutory and regulatory requirements:

- a) Health and safety and building compliance: fire protection, gas and electrical safety and fixed wiring, emergency asbestos work, water systems (legionella), safeguarding and DBS requirements, ventilation and extraction, lifts, managing other plant and active control of substances hazardous to health.
- b) Building condition: roofing, windows and weather tightness, structural weakness, boilers, heating or other pipework failure, replacement air-conditioning.

The nature of these items is such that planned maintenance and replacement will be the aim, but there will be occasions when outright failure occurs, and emergency work is required.

With several ongoing legacy issues, including the number of temporary buildings and asbestos related matters, it is a priority of the Trust, where appropriate, to minimise associated risks. Reducing the number of health and safety and maintenance related matters in the Trust-wide Estate Plan is therefore a priority.

- 2.2 **Priority 2:** Ensuring a safe and secure environment for people to work and learn - including through the provision of additional or replacement perimeter fencing and landscaping, security lighting, alarm systems, security surveillance systems, further enhanced access control.

- 2.3 **Priority 3:** Promoting active stewardship, sustainability and custodianship by seeking opportunities reduce utility and other revenue expenditure by increasing energy

performance and reducing the overall carbon footprint of the Trust for example, this may include the installation of cistern dams, urinal controllers, flow restrictors and self-closing taps to reduce water consumption or a consideration of methods of insulation to reduce heat loss, including ground source heat pumps, solar photovoltaics or wind turbines.

A target of the Trust is to achieve a minimum 5% reduction in property estate revenue costs, in real terms, over the life of this strategy and demonstrate a greater alignment with Government environmental targets:
<https://www.parliament.uk/about/sustainability/targets-and-performance/>

3.0 Strategic Priority Area 2: Educational outcomes and the common good

- 3.1 **Priority 1:** Providing a stimulating and engaging environment which is fit-for-purpose, and promotes learning and teaching - this could be reconfiguration to facilitate new ways of teaching, facelifts to improve the learning environment, making better use of external space, or any such projects that can be justified as a benefit to the individual school or wider trust.
- 3.2 **Priority 2:** Developing provision which supports the physical and mental health and well-being of children - including the possible development of sporting facilities or the development of external spaces, such as a spiritual garden, or specialist facilities to support children in danger of exclusion.
- 3.3 **Priority 3:** Promoting opportunities for wider community engagement in the school – including the development of communal spaces or further enhancement to secure lines.

4.0 Prioritising conditions

- 4.1 Any condition and maintenance issues that are identified within the condition surveys will be prioritised using condition grading and prioritisation ratings, as per industry standard.
- 4.2 Condition is categorised as:
 - A good, performing as intended and operating efficiently.
 - B satisfactory, performing as intended but exhibiting minor deterioration.
 - C poor, exhibiting major defects and / or not operating as intended.
 - D bad, life expired and / or serious risk of failure.
- 4.3 Priority is categorised as:
 - I urgent, immediate or 1 year remedial action required - work that will prevent immediate closure of premises and / or address an immediate high risk to the health and safety of the occupants and / or remedy a serious breach of legislation.

- 2 essential, 1 to 2 year remedial action required - work that will prevent serious deterioration of the building fabric or services and / or address a medium risk to the health and safety of the occupants and / or remedy a less serious breach of legislation.
- 3 desirable, 3 to 5 year remedial action required - work that will prevent deterioration of the building fabric or services and / or address a low risk to the health and safety of the occupants and / or remedy a minor breach of legislation.
- 4 long term, outside of a 5-year planning period - work that will prevent deterioration of the building fabric or services.

Part 3: Rationale and methodology for the allocation of funds

1.0 Introduction

- 1.1 This part seeks to present a rationale and methodology for the distribution and allocation of funds, detailing the Trust's approach to the different funding streams.

2.0 Rationale

- 2.1 The Trust has adopted a differentiated approach to the allocation of capital funding in order to allow individual schools to retain some funding to address priorities for such things as routine maintenance and life-cycle replacements, whilst, at the same time, enabling the Trust to retain a significant proportion of the capital allocation for the most pressing priorities across the whole estate.
- 2.2 The approach to the distribution of funds is directly aligned to the values framework of the Estate Management Policy, which identifies the responsibility of Trustees to work in the best interest of the whole organisation, when apportioning funds. The basic principle of a differentiated approach is therefore to ensure the effective and responsible stewardship of the whole estate.
- 2.3 The flexibility which is inherent in the approach will ensure the Trust is able to take a holistic approach to the portfolio, understanding the whole-life costs of properties, create opportunities for innovation (particularly where there is a mutual benefit to a scheme across more than one setting) and respond to emergency situations as they arise, balanced with a commitment to longer term projects requiring greater investment.

3.0 Methodology

3.1 Funding to individual schools:

- 3.1.1 All individual schools within the Trust will continue to receive Devolved Formula Capital Funding (DFC) and will be expected to continue to fund small maintenance, compliance and repair projects from those funds.

3.1.2 Under most circumstances, projects with a value of less than £5K should be funded through DFC. However, where work that falls into Strategic Priority Area I, Priority I (as detailed above), is below £5K a contribution may be provided from the SCA if the individual school's DFC is insufficient to cover the work.

3.2 Trust-wide SCA funding:

3.2.1 Whilst pupil numbers form a determining factor behind the allocation from the ESFA, the Board of Trustees recognise that the age and state of repair of each school's buildings will not be directly related to pupil numbers. Capital projects relating to the compliance and condition of the buildings will be the primary criteria for any project.

3.2.2 It is likely that in the first few years, the majority of the funding will go towards compliance and condition works, partly due to a backlog of works outstanding.

3.2.3 There will be occasions when unforeseen emergency work is required. For this reason, an amount of money from the SCA will be held as a contingency for emergency work that has not been planned for; it is anticipated that this will be no more than 10% of the total SCA allocation in any one year. If this restricted fund is not utilised within twelve months, the funding will become unrestricted and redistributed in the following year, or used to carry out pre-emptive work to reduce the risk of future emergencies, at the discretion of the trustees (through the Estates and Operations Committee).

3.3 Restrictions and consideration when accessing eligibility for SCA funding:

3.3.1 In order for a project to be funded through the SCA, there is normally an expectation that the minimum value of the project will be £5K for primary schools (and £30K for secondary schools).

3.3.2 Unless circumstances are exceptional (and failure to support a project will render the school unsafe or unable to operate), IT equipment will NOT qualify for funding via the SCA funding process.

3.3.3 The Trust may consider funding capital work from the SCA fund which will result in a reduction in utility and other revenue expenditure (see Part 2, section 2.3); however, Local Governing Boards should be mindful of the existence of alternative funding options and grants available, for example the Low Carbon Skills Fund. These grants will be applied for centrally in line with Part 1, section 3.0 of this policy.

3.3.4 The Trust may consider funding capital work from the SCA in partnership with a school in the Trust whereby the school reserves are unable to fully fund a project and the outcome of any works removes a liability that may need to be addressed in future years by the SCA.

3.3.5 In this instance the project will additionally require the authorisation of the Head of Finance to ensure that the project does not negatively impact on the individual school's operational budget. If the project is of a significant size it may also require

authorisation by the Finance, Audit and Risk Committee in line with the DGAT Financial Handbook and financial authorisation thresholds.

3.3.6 Any works that are entirely funded by an individual school that materially affect the fabric of the building must be discussed with the Business and Operations team prior to any planning. The authorisation to proceed will follow the same process as in the previous paragraph (section 3.3.5) and require authorisation from the Head of Finance in addition to the Head of Business and Operations.

3.3.7 Between meetings any emergency works that require an immediate response may be procured via the SCA within the authorisation limits contained in the DGAT Finance Policy. Any such works will be communicated to the Estates and Operations Committee at the earliest convenience.

3.4 Timescales for spending SCA grants:

3.4.1 Current ESFA rules state that the Trust must spend the SCA allocation by the end of the next financial year (31 March).

3.4.2 The Trust may carry over an amount equivalent to 100% of its allocation into the next financial year, but any funding

(i) carried over in excess of that amount, or

(ii) carried over beyond, or unspent at, the end of next financial year

will be repaid to the Department unless the Secretary of State decides to the contrary at his / her sole and absolute discretion.

3.4.3 The Trustees will therefore be mindful of these timescales when allocating funding, in order to ensure that all monies can be spent within the agreed timescales.

3.5 Decision making for SCA funding:

3.5.1 The SCA fund will be allocated to the most pressing priorities across the estate. The Trust Board, through its Estates and Operations Committee, will determine the distribution of funds annually.

3.5.2 Trustees recognise that there is a delicate balance between ensuring there is funding available for emergency works to be carried out when required, and utilising capital funds to improve the estate in order to avoid emergency works. As such, the schedule of works will be approved by the Board of Trustees in line with funding decisions made by the Public Sector Low Carbon Skills Fund.

3.5.3 Grants are available to schools to access loan funding for energy efficient technologies schemes in order to achieve carbon reduction targets set by the Government.

3.5.4 The Business and Operations team will apply for grants centrally where appropriate, and any funds received prioritised in line with the trust wide energy audit and its own carbon reduction strategy.

3.5.5 Occasionally the ESFA issues one off additional funding for certain capital project initiatives.

3.5.6 Any funds of this nature will be centralised and prioritised across the estate in line with trust wide estates strategy and priorities. This will be reviewed annually by the Board to monitor effectiveness of spend, reserves balances, and satisfaction within the Trust.

3.6 Pooling of funding:

3.6.1 Local Governing Boards must discuss potential spending priorities with the Head of Business and Operations.

3.6.2 In most circumstances, where large amounts of funding are required, Local Governing Boards will need to use some or all of the annual DFC allocation on projects requiring additional SCA Funding.

3.6.3 The Trust is permitted to seek match-funding for HPCF projects, or to pool allocations between schools where there is mutual benefit to each.

3.6.4 Pooling of funding for a shared project will only be agreed if supported by the Local Governing Board.

3.6.5 The outcome of funding decisions will be shared with schools as soon as practicable after the decision has been made, but in any eventuality within 5 working days of the decision.

Part 4: Process for agreeing the allocation of funds

1.0 Assessment and prioritisation of works for SCA funding

1.1 In the first instance the baseline information that will be used for assessment of each school will be the School Condition Survey Data undertaken by an external surveyor appointed and commissioned by the Trust.

1.2 These surveys will be completed as part of the due-diligence exercise at the point of academy conversion.

1.3 The survey will estimate costs for the various works identified and prioritise on a scale from immediate to 10+ years.

1.4 Under normal circumstances, the School Condition Survey Data will be updated every 5 years by a suitably qualified surveyor, or sooner, if there are emerging concerns regarding the fabric of the building.

1.5 The condition surveys will identify the required work in schools according to a number of tiers which will be cross referenced to the Trust priority areas.

1.6 The tiers indicate the level of priority that is applicable to each piece of work and will be determined according to a number of factors such as health and safety, business continuity, etc.

- 1.7 The use of health and safety and other compliance audits (for example asbestos, five year electrical test, fire risk assessment) will also be used to identify essential compliance work.
- 1.8 Should the cost of tier 1 (urgent) priorities exceed the SCA funding available, the Estates and Operations Committee will prioritise projects according to the following criteria:
 - 1.8.1 The reduction in ongoing revenue expenditure that will be generated as a result of the project.
 - 1.8.2 The value of previous capital projects carried out at the school (schools with lower levels of capital investment in the last 2 years will be prioritised).
 - 1.8.3 The contribution towards achieving Trust's strategic priorities.

2.0 Responsibility of the Local Governing Board (LGB)

- 2.1 It is the responsibility of the LGB to review and update their annual Estate Management Plan in light of DFC spends, emerging priorities and the results of compliance tests. This includes completing the supplementary data form for requests for SCA funding under strategic priority area 2 (Educational outcomes and the common good) where the school condition survey data provides insufficient information regarding the nature, cost and benefits / outcomes from the initiative.
- 2.2 It is the responsibility of the LGB to spend their DFC funding on the highest priority issues identified in the school condition survey data or from subsequent compliance tests. Where no high priority issue is identified, governors may, after discussion with the Head of Business and Operations, spend their DFC on other priority areas which directly relate to the Trust's estate management priorities.

3.0 Responsibility of the Head of Business and Operations

- 3.1 It is the responsibility of the Head of Business and Operations to commission the school condition survey data when a school joins the Trust and to update the Trust's composite Estate Management Plan whenever new school condition survey data or audit information is available.
- 3.2 It is the responsibility of Senior Executives to identify Trust-wide funding priorities against the Estate Management Strategy priorities.

4.0 Responsibility of the Estate and Operations Committee

- 4.1 The Estate and Operations Committee will make all funding decisions for centrally held grants.
- 4.2 They will review all policy documentation relating to the Estate Management policy, regularly review funding spend against budgets and ensure that project funding is carefully aligned to Estate priorities.

- 4.3 They will monitor progress of projects against agreed milestones and ensure value for money in all related tendering and procurement processes relating to capital spend and will report regularly to the Board.

5.0 Responsibility of the Trust Board

- 5.1 The Board of Trustees will annually review the effectiveness of spend and reserves balances against the priorities in the Estate Management Strategy. They will regularly monitor the Trust's risk register (relating to Estate Management).