

Capital Allocation Policy

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Contents

Purpose and scope	3
Relevant additional policies, law and guidance	3
Devolved Formula Capital (DFC).....	4
School Condition Allocation (SCA).....	4
Urgent Capital Works	4
Other Capital Grants	4
Annual Cycle	5
Assessment criteria	6
Appeals	6
Monitoring and review	6
Appendix 1 – DFC Capital Expenditure Request Form	7
Appendix 2 – SCA Capital Expenditure Request Form	8

Purpose and scope

Trusts are expected to have a suitable plan that demonstrates the strategic use of the allocated funds across their estate and will have to report to the DfE on their use of capital funds during, and at the end of, the financial year. Therefore, the Learning Community Trust will ensure that there is a clear link to the proposed capital expenditure in their academy development plans. This should include consideration of any Health & Safety issues, property condition as well as any other academy development priorities.

Examples of capital include:

- Replacement ICT hardware
- Replacement furniture and equipment
- Vehicles
- Building adaptations and upgrades

All capital expenditure should be requested on Sage Intacct via a Purchase Requisition request and approved by the budget holder.

Where capital expenditure is funded from Revenue Income and Expenditure, the expenditure will be capitalised and recorded on the balance sheet and the academy balances adjusted accordingly.

Capital expenditure may also be funded by Devolved Formula Capital (DFC) and School Condition Allocation (SCA).

The DFC and SCA funds are managed centrally by the Trust.

Where capital expenditure is to be funded by DFC or SCA, a 'Capital Expenditure Request Form' (see appendix 1 and 2) is required.

On receipt of a completed form, the COO will authorise one of the following actions:

- Request further information or contest the request
- Agree in principle and propose the academy use its own capital
- Agree in principle and propose the type of capital funding which is most appropriate.

Where DFC or SCA has been approved by the COO, the form must be attached to the Sage Intacct Requisition request (see 1.3).

Relevant additional policies, law and guidance

This policy should be used in conjunction with the following additional documents:

- LCT Memorandum of Understanding and Articles of Association
- DfE Academies Financial Handbook
- DfE Funding Agreement (Annual)
- LCT Scheme of Delegation
- LCT Committee Terms of Reference
- LCT Risk Management Policy
- LCT Investment Policy
- LCT Whistleblowing Policy
- LCT Financial Procedures Manual/Guide

Devolved Formula Capital (DFC)

Devolved Formula Capital (DFC) remains based on a per academy basis. Each academy receives a lump sum, and a variable amount based on their student numbers multiplied by the appropriate rate per pupil.

Allocations for each academy will be monitored in the monthly management accounts. The funding will be used to collectively support refreshes of ICT teaching suites and other minor related ICT projects.

Academies and Schools should apply for DFC funding using the LCT Capital Expenditure Request form (appendix 1).

School Condition Allocation (SCA)

Multi Academy Trusts (MATs) with at least 5 academies and more than 3,000 pupils, receive a School Condition Allocation (SCA) to deploy strategically across their estate to address their priority maintenance needs.

Investment will be prioritised on keeping the buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues.

School Condition Allocations will take into account the information that has been collected through the LCT Condition Survey programme. The survey data shows that condition need correlates well with student capacity numbers, which are also a representation for the size of the estate that needs managing on an ongoing basis.

The guaranteed annual School Condition Allocation (SCA) replaces annual Condition Improvement Fund (CIF) bidding process for academies, which was not guaranteed, thereby providing some certainty for capital expenditure planning.

Summary of procedure for SCA funds

- Funding is received from the DFE annually.
- A 10% contingency fund is removed from the annual allocation of SCA.
- Priority projects identified from Condition surveys and Health & Safety audits, such as asbestos.
- Other non-priority projects are identified for future cycles of SCA allocation.
- Bidding process opens to schools for the remainder of SCA funds.

Urgent Capital Works

Any significant capital funding that is required for urgent unforeseen works (e.g. unserviceable heating boiler replacement) can be funded from the SCA reserves. Minor urgent capital works (e.g. replacement PC in excess of £1,000) will be taken from the academy reserves.

Other Capital Grants

Other Capital Grants received that have not been included in this policy will be applied under the conditions of the specific grant allocation requirement.

Annual Cycle

The table below sets out the annual cycle and the process for the capital allocation across the trust.

Month	Process
May	Funding is allocated to the trust and paid in instalments in May, June, July and August
June	Up to 10% of the funding is divided off to top up and ensure there is always a balance equal to 10% of current allocation available to provide assurance against any unknown and unplanned emergencies that may emerge during the year.
August/September	<p>Larger projects completed from prior years allocation. Condition surveys reviewed annually and resurveyed every 3 years. H&S audit to be carried out annually.</p> <ul style="list-style-type: none"> • COO to arrange with Sites regarding access to buildings • Cost of condition surveys covered by the SCA fund • COO to arrange with Operations Managers for asbestos surveys if required • This cycle will commence in August/September.
October	All condition surveys, Health & Safety and asbestos reports to be returned by end of October.
November	<p>COO and CEO to meet early November to prioritise findings into:</p> <ul style="list-style-type: none"> • Immediate (this year) – quotes will be sought for these following the meeting. • Required (next year) • Non-urgent (longer term) <p>Report issued to the Resources committee for information</p>
January	Quotes/Tenders received for immediate projects and agreed with the CEO and COO.
February	<p>Work can begin on the smaller immediate projects Academies to prepare bids and submit to COO by February half term.</p>
March	<p>COO and CEO to meet to score the academy bids against the criteria and agree allocation of funding to bids. Academies are informed. Report issued to Business & Personnel committee for information</p>
April/May	Work on smaller projects can start during Easter Holidays

Assessment criteria

The table below sets out the scoring process for bids received from academies. This should assist academies in ensuring that all relevant information has been included in the bid application.

Criteria	Detail of the bid	Score
Meets the condition requirement that is required for next year	20%	1-10
Meets non-urgent condition from condition survey	15%	1-5
Has scoped the likely timescale from start to finish and likely dates work would take place	5%	5
Plan for minimising disruption and covering safety of pupils, staff and site during the work	10%	5
Use of other funding streams to contribute to this project. (1=up to 5%, 5=more than 50%)	15%	1-5
The project contains estimates of the savings that will occur through greater efficiency e.g. reduction in lighting, heating or energy costs.	5%	5
The project improves safeguarding / health and safety practice or teaching & learning environment	15%	5
Clarity of the long-term impact of the work and how it links to long term development of the school	5%	5
Immediate funding invested from SCA this year (1=more than 4x DFC allocation, 2= more than 3x DFC allocation, 3= more than 2x DFC allocation ,4 = more than DFC allocation, 5= none)	10%	1-5

Appeals

The effective management of Capital funds is key to the further development of individual academies and the whole organisation, and the Trust will aim to ensure that related decisions are fair and fully transparent.

The appeals process has two stages: Firstly, to its defined Committee, then a final appeal to the Trust Board.

Monitoring and review

The Trust's Finance lead will monitor the implementation of this policy, including making sure that it is updated to reflect the needs and circumstances of the trust and the academies.

Appendix 1 – DFC Capital Expenditure Request Form

DFC Capital Expenditure Request Form

Academy:	
Requestors Details:	
Date Requested:	
Date Needed:	
Total Amount Requested: (£)	
Curriculum Lead?: (Y/N)	
Budgeted?: (Y/N)	
Replacement?: (Y/N)	

Line Items

Item No	Description	Quantity	Unit Price (£)	Total Cost (£)

Additional Annual Operating Costs

Maintenance	£
Energy	£
Salary	£
Other	£

Justification if Unbudgeted (Include documentation if needed)	
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Signatures

Requestor: _____

Principal/Headteacher: _____

COO: _____

CEO: _____ if applicable

Resources Committee: _____ if applicable

Appendix 2 – SCA Capital Expenditure Request Form

SCA Capital Expenditure Request Form

Academy:	
Requestors Details:	
Date Requested:	
Date Needed:	
Total Amount Requested: (£)	
Curriculum Lead?: (Y/N)	
Budgeted?: (Y/N)	
Replacement?: (Y/N)	

1 The Scope of the Project – Please describe your project and proposed time scales

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2 Please state the expected impact of the project – Were appropriate this could include estimated improvement in efficiency or energy reduction, benefits for safeguarding, Health & Safety.

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3 Lettings potential: Could the new facility generate additional revenue? What would be the estimated income per year?

£

4 Impact on Services – What are the requirements in terms of use?

<ul style="list-style-type: none"> a) Additional Drainage b) Additional ICT Network point c) Additional phones d) Additional powers supplies e) Additional heating 	
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f) Additional gas outlets g) Additional WC h) Additional CCTV/Security i) Additional fire Precautions	
5 Health & Safety – Is the areas of planned works identified on the asbestos register? If so, have considerations been made for testing and/or removal? Will the proposed works take place during the school holidays? If not, what provisions will be made for minimising disruption and covering safety of pupils, staff and site during the works?	
6 Have written estimates of quoted or tenders been obtained?	Yes/No
7 Project Costs and Timescales	
Cost of works	£
Professional fees	£
Furniture and Equipment	£
ICT	£
Other (please state)	£
Contingency (max 10% of the project total)	£
TOTAL PROJECT COST	£
Anticipated month of commencement	
Anticipated month of completion	

Signatures

Requestor: _____
 Principal/Headteacher: _____
 COO: _____
 CEO: _____ if applicable
 Resources Committee: _____ if applicable