



Department
for Education

Sponsored academies funding

Advice for sponsors

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Summary

About this departmental advice

This is departmental advice from the Department for Education (DfE). This advice is non-statutory, and has been produced to help academy sponsors understand the funding that is available to them. This advice was originally issued in July 2013 (announcing the new pre-opening rates from 1st September); it was reissued in February 2014 when Part 2 was updated.

Expiry or review date

This advice will be reviewed periodically.

Who is this advice for?

This advice is for academy sponsors only and does not apply to converter projects.

Key points

This document gives sponsors information about the DfE funding that is available to academy trusts for full sponsored, intermediate and fast track academy projects, including grant payment and reporting arrangements. In some situations, the project type attracts a differing level of funding support – these are clearly identified in this document.

Part 1 explains that the proposed funding is to cover the pre-opening costs such as staff recruitment, project management, legal advice, and any relevant school improvement interventions. Some key changes have been made to the mechanism for paying and reporting of these grants. In particular, grant letters have been streamlined and the receipt of the declaration of expenditure has been strengthened stressing that **it must be** completed for all project types.

Part 2, which is about post-opening support grants, has not been changed since it was updated in February 2014.

Part 3 relates to the environmental improvement grant (EIG), which is available only to **full** sponsored academies. Changes have been made to the approval and administration of the grant.

Part 1: Sponsored academies pre-opening funding

Introduction

1. On 1 September 2013, the DfE introduced new pre-opening start-up funding rates for all sponsored academies (fast track, intermediate and full sponsored) - these rates remain unchanged. This updated version introduces changes to the grant declaration requirements, and streamlines the reporting mechanisms for all funding routes. DfE project leads (PL) can give more information about which funding route applies to a particular project and provide support on the changes.

Pre-opening funding in summary

2. Pre-opening stage funding should be used by academy trusts (ATs) to cover the costs of the necessary work required up to the point at which the academy opens. The funding allocated are set and final– no further funding will be available. In view of this, ATs are encouraged to include a contingency amount within their budget to cover any reasonable unexpected costs. The funding will be paid directly to ATs who will then decide how best to use the funds to deliver their project. Any unspent funds will be transferred by the AT to the academy's bank account upon opening.

3. The grant amounts are:

- £110k for full sponsored primary schools and special schools;
- £150k for full sponsored secondary and all-through schools;
- £90k for intermediate primary/special schools;
- £115k for intermediate secondary schools;
- £70k for fast track primary/special schools; and
- £80k for fast track secondary schools.

Please note: the above funding values include the £25k support grant to establish the academy.

For alternative provision (AP) academies the amount of pre-opening funding will be negotiated on a case-by-case basis. These amounts will be reviewed periodically. Please speak with your DfE PL for further advice.

4. The grant will be paid in line with a payment profile agreed by the PL during the project development phase (see paragraphs 12 - 14 for further details), so that funding is not paid too far in advance. Payments will be made to the AT rather than to the sponsor. If the AT is not already in place, an early task will be to ensure that it is established (see paragraph 9). We no longer require copies of invoices – it will be up to the AT to maintain

appropriate financial records, as we may require financial reports (including supporting documentation) to be completed during the project development phase.

Project development support

5. Once the regional schools commissioner (RSC) has agreed to the release of pre-opening funding, the nature of project development support will be agreed by the DfE's project lead (PL) and sponsor/AT. We envisage that fast track and the majority of intermediate projects will not require formal project management. However, along with budgetary autonomy, ATs will be free to decide what project management support they need in establishing their academies, and how to secure it. ATs have two options for securing project development support, which are to:

- procure openly; or
- undertake the work 'in-house' using AT employees (see paragraph 7 for further details).

6. As contracting authorities in their own right, ATs can buy in commercial services from other sources, provided that the method they use to do so complies with EU and public procurement regulations. EU procurement regulations state that if the value of a contract for goods or services is greater than £164,176 (from January 2016), a full, EU-wide tendering process must be carried out. This can take up to six months to complete.

7. If the AT wishes to undertake the project management (PM) work 'in-house', they will need to ensure they have employees with the capacity and the right skills/experience. To comply with procurement law, only AT employees can undertake this work. Sponsors cannot profit from sponsoring an academy. Where an AT wants to deliver its own projects, they must do so "at cost" with no profit margin factored in. This means without charging any element of profit on the goods and/or services provided. For people based resources, this will be based on a day rate calculated by dividing the salary of the person plus employment related taxes (for example, in the UK; national insurance tax, pension, essential training and reasonable office and other directly employee related costs) by 210 working days a year pro rata as appropriate. Incidental travel expenses and (if required) accommodation and subsistence will also be at cost. Other services will operate within the no profit principle. All such calculations should be subject to open book and audit requirements. Cost information should be transparent and clearly set out how the costs have been calculated. VAT is not chargeable where the AT delivers projects as this is not a commercial (trading) arrangement. Where the AT itself incurs VAT charges (e.g. printing costs), the VAT is expected to be reclaimed direct from HMRC where appropriate to the 'provision of free education'.

8. Not more than £25k of this pre-opening funding should be used to cover all the tasks necessary to establish the academy. Typically, this will include:

- project management services;

- education advice and development of the educational brief/plan, curriculum and policies;
- legal services including establishing the AT, dealing with land transfer issues and preparing the Funding Agreement documentation;
- communications and marketing support, including running or supporting the academy consultation process;
- HR and recruitment services to support any TUPE process and senior leader appointments; and
- financial management and advice to establish the AT's finance and management information systems.

Establishing the academy trust

9. A new sponsor may plan for the AT to undertake PM work in-house, but have insufficient funds to cover the legal costs of establishing the AT. In those circumstances, the DfE could make an advance payment of pre-opening funding (the support grant) of £25,000 to cover those costs. The £25,000 would form part of the payment profile agreed by the PL and is not in addition to the total amount agreed by the RSC.

Roles and responsibilities

10. The PL's role is to provide help and support to the AT in delivering the project within the funding provided. PLs will help ATs understand their procurement and governance responsibilities and the associated risks and liabilities, and the full range of tasks to be completed during the project development phase. They are also a source of advice and support, where needed, in developing the pre-opening budget – they have experience of delivering academy projects and the typical costs of the various activities.

11. The grant letter and this guidance is intended to help sponsors understand their roles and responsibilities in spending public money in line with public finance and procurement regulations:

- HM Treasury's managing public money guidance is at: <https://www.gov.uk/government/publications/managing-public-money>
- The Public Procurement Regulations are at: <https://www.gov.uk/guidance/transposing-eu-procurement-directives>

Payment Arrangements

12. Once the RSC has agreed to the release of pre-opening funding, the pre-opening grant letter is issued. The first payment is made once the AT has been incorporated and the relevant Annex to the grant letter has been completed and returned to the PL. The grant will be paid in line with the payment plan agreed with the PL and be automatically paid during the project development phase. Where project timescales indicate, this may be more than one payment, however, if the academy opening date is three months or less from the RSC's agreement to the release of pre-opening funding, a single grant payment will be made.

13. The payment profile is designed to ensure that ATs will have sufficient funding available to meet their needs. It also accommodates the varying timescales to develop sponsored academy projects, but without paying too far in advance in order to comply with the HM Treasury's managing public money requirements. The model grant letter is at **Annex 1**.

14. The grant letter makes provision for the DfE to withhold or recover grant payments in certain circumstances. These are where there are grounds to believe that it has not been used or will not be used in accordance with the terms of the grant letter; where there are grounds to believe that the funds provided have not been properly managed; or where there are some other circumstances which would make it appropriate to withhold payment.

Reporting arrangements

15. The grant letter sets out clearly the need for ATs to conform to the requirements of Parliamentary control in relation to the use of public funds. Web links providing additional information on the use of grant and to the [Academies Financial Handbook](#) are also provided in the letter. ATs should read this additional information to remind themselves of their duties, including their duties as charity trustees. The academy will be required to include the pre-opening period for external assurance in the first set of its accounts.

16. For all funding routes, ATs must keep records clearly identifying the expenditure of the pre-opening grant. To assist ATs, a monthly report template, including guidance for completion by project managers is at **Appendix 1**. For full sponsored projects, the PL may request this information to ensure the pre-opening grant is spent effectively. However, it is for PLs to agree the level of reporting with the AT.

17. ATs are also required to report on the outturn project spending by completing the Declaration of Grant Expenditure form (**Annex 2**) when the academy opens. This is to ensure that the grants have been used for its intended purposes and in accordance with the Conditions of Grant. If any grant paid has not been used on the establishment of the academy or school improvement interventions, the AT must transfer the balances to the academy's bank account, and record the amount transferred on the declaration form. PLs

will remind ATs that the declaration is required and will ensure ATs provide the declaration.

Annex 1

Pre-opening funding: grant letter

The Secretary of State has agreed to allocate a grant under section 14 of the Education Act 2002 of up to a maximum of {xxxxxxx} as a contribution towards expenses incurred by the **[Insert name of academy trust]** in establishing the academy and as part of any supporting school improvement interventions.

Conditions

The grant is paid under the following conditions and can only be used for the establishment and necessary school improvement interventions in [name of school] through any of the following activities:

Establishment of academy	School improvement interventions
<ul style="list-style-type: none">• Obtaining legal advice in respect of establishing the academy,• The costs of software licence transfers,• HR/TUPE advice,• Re-branding costs, and• Expenses incurred in setting up the academy trust.	<ul style="list-style-type: none">• Leadership support,• Teaching and learning interventions,• Systems improvements,• Pupil focused interventions,• Curriculum re-design, and• Staff restructuring.

You are recommended to review the full conditions of grant – these can be found at [Grant funding agreement: terms and conditions - Publications - GOV.UK](#)

Audit and repayment

You should retain records to show that the grant has been used for the purposes outlined above for 6 years after the end of the financial year in which the expenditure has taken place. The books and records of the school relating to the claiming and use of grant will be open to inspection by the National Audit Office and representatives of the Secretary of State as and when they may require.

In the event of a successful conversion, any unused element of grant should be transferred to the academy trust for the purposes described in its charitable objects, typically the advancement of education. The finance director must sign a declaration confirming how much of the grant has been spent at the point of conversion to academy status and, if relevant, how much has been transferred to the academy budget. The finance director will send a certificate of expenditure (see **Annex 2** to this letter) to the Secretary of State declaring this and including the exact amounts of grant spent and

transferred. This will still apply if the total amount of the grant has been spent.

In the event that that the academy does not open, then any unused grant should be repaid to the Secretary of State within 10 working days of notifying us that the project is withdrawn.

When procuring goods and services you are reminded of the requirement to comply with EU and UK procurement law and regulations when appropriate.

Next step

Please return the completed DfE Finance Claim Form to your named DfE project lead.

DfE Finance Claim Form

Pre-opening funding

Name of academy trust:
Address:
Telephone:
Email:

The grant will be used for the following purposes at [name of school]:

Establishment of academy	School improvement interventions
<ul style="list-style-type: none">• Obtaining legal advice in respect of establishing the academy,• The costs of software licence transfers,• HR/TUPE advice,• Re-branding costs, and• Expenses incurred in setting up the academy trust.	<ul style="list-style-type: none">• Leadership support,• Teaching and learning interventions,• Systems improvements,• Pupil focused interventions,• Curriculum re-design, and• Staff restructuring.

The academy trust wish to apply for such grant and for an amount of [xxxxxx]
Bank account name and address

Sort code

--	--	--	--	--	--	--

Account number

--	--	--	--	--	--	--	--	--	--

I have read the conditions relating to the provision of the grant and I agree to comply with the conditions.

Signature _____

Name (in capitals) _____

Position _____

Annex 2

DECLARATION OF EXPENDITURE - All types of sponsored project must use the following declaration:

Declaration of Pre-Opening Funding Expenditure

I, [name], Finance Director at [name] academy trust, confirm that the pre-opening grant has been spent on costs as outlined in the conditions of grant letter.

I confirm that **no more** than £25k was spent on the establishment of the academy.

I confirm that **£xxx** was spent on the total costs of establishing and supporting school improvement interventions and that the remaining **£xxx** was transferred to the academy bank account.

Name: _____

Address: _____

Contact
Number _____

Part 2: Sponsored academies post-opening start-up grant

Introduction

On 1 April 2014, the DfE introduced changes to the post-opening start-up grants for new full sponsored academies. These arrangements apply to projects that have academy orders issued on or after this date. Existing arrangements will continue to apply to projects that received academy orders before 1 April 2014.

2 Summary of changes introduced on 1 April 2014 relate to the formulaic diseconomies element only as follows:

- Funding is intended to contribute towards leadership and other costs as new academies build up their pupil numbers.
- Funding will continue to be based on the number of pupils on roll in the first year of opening at the academy compared to the academy's capacity. We want to make clear that the purpose of the grant is to provide for up to one additional senior leadership team member in academies that open below 90% capacity.
- Maximum and minimum amounts of the funding academies receive will be introduced. Maximum amounts are based on the average cost for a senior leadership team member. For secondary schools the amount will also be dependent on the size of the academy. Minimum amounts are based on an amount that is judged sufficient to effect change in schools that have been underperforming for a number of years.

These amounts are summarised in the tables below:

Primary:

	£
Minimum	10,000
Maximum	50,000
Per % below 90% full	2,500

Secondary:

	Small Secondary (up to 250 pupils) £	Medium Secondary (251 – 999 pupils) £	Large Secondary (1000+ pupils) £
Minimum	10,000	10,000	10,000
Maximum	60,100	Proportional, based on size of academy and pupils on roll at opening. Example below.	80,200
Per % below 90% full	3,000		4,000

Medium size academies, i.e. those with 251 – 999 pupils, will receive a proportional amount. For example, a 625 place academy at 70% capacity would receive £3.5k per percentage point below 90% full. The maximum amount would be £70k

A ready reckoner is available on the DfE's website to help calculate the amount of grant that would be received.

The grant in summary

On opening, a start-up grant (SUG) is paid to full-sponsored academies in order to assist them to raise standards and transform educational attainment. The funding is not hypothecated and the academy can direct it to educational priorities as it sees fit. For instance, the start-up grant can be spent on new uniforms, teacher training, governor training, books, equipment and building leadership capacity.

Different arrangements apply where there is no predecessor school. In the majority of such cases, the local authority is funding the building project (including capital and pre-opening costs) in response to local need for places and our expectation is that the local authority will pay post-opening start-up costs. In a handful of cases, all of which were projects that started before February 2012, DfE has previously agreed to pay the post-opening start-up costs (primarily this refers to projects where DfE is funding the capital costs of the new building). In these cases only, start-up grant will be calculated in the same way as for free school projects. Please refer to the separate guidance on this.

Where the predecessor school's capacity is significantly larger than the forecast number of pupils on roll, the DfE will agree with the academy trust a reduced capacity for the academy in line with realistic planned growth.

The way in which the start-up grant is calculated is dependent on whether the new academy is a primary, secondary, special academy or an alternative provision academy.

There is no assessed or exceptional element of the start-up grant and there can be no appeals about the level of funding awarded.

Academies will receive formal notification of their grant allocation within their funding letter although this guidance can be used well in advance to calculate what start-up grant will be received.

Fast track and intermediate academies are expected to require less transformation to raise standards so are not eligible for any start-up grant.

The guidance below refers to projects that receive academy orders on or after 1 April 2014 (apart from projects where there is no predecessor school – see paragraph above). Projects with earlier academy orders will continue to use the current arrangements.

2 Primary academies

2.1 The start-up grant for primary academies is calculated by combining a flat rate allocation with a formulaic allocation based on pupil numbers at the academy. The pupil numbers used will be the same as those used for calculating general annual grant (GAG) funding. The new upper cap of £50k is based on the average cost for a senior leadership team member. Academies will receive funding on a sliding scale based on occupancy levels. For example an academy with capacity at 70% or lower will receive the full allocation. An academy operating at between 70% - 86% capacity will receive £2.5k for every percentage the academy is below 90% capacity. An academy with capacity between 87% - 90% will be below the minimum amount and will not receive any grant. An academy with capacity higher than 90% will not receive any grant.

The lower amount (£10k) is based on an amount that is reasonable enough to enable schools to effect change. Funding below this level would not be sufficient to make a change to a school which has been underperforming for a number of years. Any school below this level would not receive any funding.

Flat rate allocation

2.2 The flat rate allocation varies according to the size of the school. Academies that are smaller than two forms of entry (2FE) will receive a grant of £25k; larger academies (2FE or greater) will receive a grant of £50k. This allocation will be paid in the first academic year of opening only, 50% in month one, 25% in month two and 25% in month three.

Formulaic allocation for diseconomies

2.3 This allocation varies according to the number of pupils on roll in the first year of opening at the academy compared to the academy's capacity. It is not based on the size

of the school. The range in pupil numbers between small and large primary schools is low – unlike at secondary level - and senior leadership team salaries do not vary widely across schools. The maximum amount will be sufficient to fund an additional leader in a primary school of any size.

This allocation is intended to contribute towards leadership or other costs as the new academy builds up its pupil numbers. However, this allocation is not hypothecated and the academy can direct it to priorities, as it sees fit.

Where an academy does use the funding to pay for up to one additional senior leader, we would expect this staff member to undertake the work of building pupil numbers and growing the academy up to its capacity. This funding will be split into two equal amounts and will be payable over the first two academic years after opening only. If a primary academy opens later than September, the Education Funding Agency (EFA) will adjust payments made to the academy in its first year of opening, so that it receives the full amount spread across the remaining months post-opening to the end of the academic year.

We would not normally expect a school to open at less than 50% of its capacity, so the maximum formulaic allocation an academy would receive would be £50k.

Examples

2.4 A 2 form entry primary academy will have 255 pupils on roll out of a total capacity of 360. It will therefore be 71% full on opening. The academy would receive total diseconomies funding of £47.5k (19 x £2.5k) over the first two years (i.e. £23.7k per year) plus £50k flat rate grant in the first year. Its funding would, therefore, be £73.7k in year one and £23.7k in year two. The total start-up grant the academy receives is £97.5k (£47.5k + £50k)

A 1 FE primary academy will have 153 pupils on roll out of a total capacity of 210. It will therefore be 73% full on opening. The academy would receive total diseconomies funding of £42.5k (17 x £2.5k) over the first two years (i.e. £21.2k per year). The academy would also receive a flat rate grant of £25k in the first year. Its funding would, therefore, be £46.3k in year one and £21.2k in year two. The total start-up grant the academy receives is £67.5k (£42.5k + £25k).

3 Secondary academies

3.1 The start-up grant for new secondary academies will be calculated using the same approach as for primary academies above (calculated by combining a per-pupil flat rate allocation with a formulaic allocation based on pupil numbers at the predecessor school). However, the upper limit will be based on the size of the school. This is because average senior leader salaries vary significantly in secondary schools depending on pupil

numbers. A small academy (up to 250 capacity) will receive a maximum of £60.1k and a large academy (1000+ capacity) a maximum of £80.2k. Any academy between these two sizes (i.e. 251 – 999 capacity) will receive a proportional amount. For example, a 625 place academy at 70% would receive a maximum of £70.0k.

A ready reckoner is available on the DfE's website to help these sizes of schools calculate the amount of grant they would receive.

Flat rate per-pupil allocation

3.2 As stated above the flat rate element of the grant will not be affected by the new changes. A flat-rate allocation of £150 per pupil at the academy will still be paid. It will be paid in the first year of opening only, 50% in month one, 25% in month two and 25% in month three. This replaces the previous grants that were paid to cover new uniforms, books and resources, staff recruitment and training etc. Experience suggests that many academies have chosen to use funding in these areas (particularly new uniforms as a way of rebranding the school) but it will be for the academy to decide how to use the money to best meet its priority needs.

Formulaic allocation for diseconomies

3.3 The formulaic allocation for leadership capacity will be based on the number of pupils on roll in the first year of opening at the academy compared to the academy's capacity. It is also based on the size of the academy. This recognises the higher salary costs faced by larger schools. The purpose of the funding is to provide for up to one additional senior leadership team member in academies that open below 90% capacity.

This allocation is intended to contribute towards leadership or other costs as the new academy builds up its pupil numbers. However, it is not hypothecated and the academy can direct it to priorities as it sees fit. This funding will be split into equal annual amounts over the first three academic years after opening only. As with primary sponsored academies, if a secondary sponsored academy opens after September, the EFA will adjust payments made in the academy's first year of opening, so that it receives the full amount spread across the remaining months post-opening to the end of the academic year.

Examples

3.4 A secondary academy opening with 957 pupils on roll out of a capacity of 1100 will be 87% full on opening i.e. 3% below being 90% full. It would receive £4.0k per percentage point below 90% full. Its formulaic allocation would, therefore, be £12.0k (3 x £4.0k). It would also receive a per pupil allocation of £143.5k (957 x £150). The total start-up grant the academy receives is £155.5k (£12.0k + £143.5k).

A secondary academy opening with 731 pupils on roll out of a capacity of 950 would be 77% full on opening i.e. 13% below being 90% full. It would receive £3.9k per percentage point below 90% full. Its formulaic allocation would, therefore, be £50.7k (13 x £3.9k). It would also receive a per-pupil allocation of £109.6k (731 x £150). The total start-up grant the academy receives is £160.3k (£50.7k + £109.6k).

As for primaries, we would not normally expect schools to open less than 50% full, so the maximum formulaic allocation an academy would receive would be limited depending on the size of the academy.

4 Alternative provision academies and special academies

4.1 Alternative provision academies and special academies with up to 100 places receive a flat rate allocation of £25k

4.2 Alternative provision academies and special academies with 100 or more places would be allocated £25k + £250 per place over 100. This level of funding will be reviewed annually to ensure that the level of grant is appropriate.

4.3 Special academies and alternative provision academies do not receive a formulaic allocation for leadership capacity as their GAG is allocated on a per-place rather than per-pupil basis. This already takes account of staff diseconomies of scale, recognising that pupil numbers in such provision can fluctuate widely throughout the year. The flat-rate grants will be paid in the first academic year of opening only, 50% in month one, 25% in month two and 25% in month three.

Examples

4.4 A 30 place alternative provision academy opening in September would receive a start-up grant of £25k during its first year.

A 120 place special academy opening in April would receive a start-up grant of £30k ([20 x £250] + £25k).

5 All-through academies and mergers

5.1 If a primary and secondary school are merging to become an all-through sponsored academy, and where either both the primary and secondary schools or secondary phase only would have been eligible to be a full-sponsored academy because of poor performance at the predecessor schools, the start-up grant payable is based on the secondary sponsored academies model.

5.2 If just the primary would have been eligible to be a full-sponsored academy, the start-up grant will be paid at the primary rate.

5.3 If infants and juniors schools are being merged to form a primary sponsored academy, they will be funded at the primary rate.

5.4 If an all-through academy is being created through merging an existing academy with the creation of new provision, we would expect the LA to meet all costs of the new provision and so no additional start-up grant would be paid. If an all-through academy is created through merging an existing sponsored academy with an underperforming school that would otherwise have been eligible to be full-sponsored in its own right, additional start-up grant will be provided to cover the difference in pupil numbers. For example, if an underperforming primary is merged with an existing sponsored secondary academy to form an all-through academy, additional start-up grant to cover the extra primary pupils will be calculated based on the secondary model (as per paragraph 5.1 above).

6 Further information

6.1 Any general queries about this guidance should be directed to the Education Funding Agency (EFA) at: academyquestions@efa.education.gov.uk

6.2 If you have a project specific issue, please contact your named PL.

Part 3: Environmental improvement grant for full sponsored academies only

This guidance is intended to provide ATs/sponsors with information about the environmental improvement grant (EIG) that is available from the DfE for full sponsored academy projects. Your DfE PL will be able to give you more information on running projects under these new arrangements.

The purpose

1. Environmental improvements are light capital works intended to have an impact on pupil learning spaces and to make a visual statement that the 'old school' has become an academy. Funding for environmental improvements is primarily intended to be used as light refurbishment works that make an immediate impact only.
2. The underlying principle for the works should be the impact on teaching, learning and the environment experienced by staff and pupils of the academy. The table below indicates some of the categories of work that could be undertaken. In considering the options, works should be chosen that impact on the maximum number of pupils in their daily lives at the school and clearly demonstrate that change has taken place.

Works	Description
Signage	New signage external and internal to show that the predecessor school has become an academy. <i>Costs of design and branding are covered by pre-opening funding.</i>
Entrances	Refurbishment of the reception areas and student entrances, for example using plasma screens/re-ordering and opening up reception.
Specialism areas	Improvements to learning spaces, particularly those relating to the academy's specialism, or to communal resource areas such as the library.
Student spaces	Improvements to shared spaces, particularly dining areas and toilets, to create a new ethos, social space and climate.
Uplift	Redecoration and new finishes to improve the general appearance of the buildings.
Security	Urgent improvements to security, including CCTV, entrance gates and perimeter fencing if necessary. Where the existing site will not develop into an academy (i.e. the academy will be rebuilt on a different site) this should be kept to a minimum.

ICT	EIG can be used for installing plasma screens in reception, replacing or installing a new network server, or providing a wireless internet hub. EIG will not be allocated for purchasing laptops for the teachers/pupils, as the academy's revenue budget should be used for this.
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3. Priority should be given to works which will be of greatest benefit to pupils. Some of the most effective schemes have been in the reception area, facilities to support specialisms, or giving the school a 'heart' in its hall or dining facilities.

4. EIG is not intended to cover urgent maintenance and health and safety work. Any urgent maintenance and health and safety issues in the predecessor school are the responsibility of the maintaining authority (the local authority, the diocese if a voluntary aided school or the predecessor school itself though devolved formula capital (DFC)). It is the responsibility of the maintaining authority to ensure the school buildings are fit for purpose before the land transfer takes place and the academy can open.

Funding allocation

5. EIG will be awarded to full sponsored academies opening in predecessor school buildings on the basis of individual need and decided case-by-case. The recommendation to award EIG will be made by the DfE project lead (PL) during the brokerage phase of the project and will be subject to RSC approval.

6. EIG is a flat-rate grant for both primary and secondary schools:

- £40k for primary, special and alternative provision academies
- £80k for secondary and all-through

7. Any academy which opens in new or recently extensively refurbished buildings will not normally receive any funding for environmental improvements, unless there are serious issues with the buildings. Such cases will be considered on an individual basis. Sponsored academies that are set up as **presumption free schools** under section 6A of the Education and Inspections Act 2006 will not be eligible for EIG because all their capital funding should be met by the local authority.

8. If the AT wishes to commission a scheme of capital works of greater value than the EIG, it may do so. It will need to find the extra funding itself, or possibly through the use of any of the predecessor school's unspent DFC, and provide written confirmation that this is the case.

9. EIG is not normally available to academies that have already opened. Please discuss individual circumstances with your PL, such as cases where it is decided at a date after the academy has opened to add a primary phase. EIG is only available to academies opening in the predecessor school buildings and every effort must be made to ensure all work is completed before the academy opens.

10. ATs can reclaim the VAT on environmental improvements in the same way it can for all other eligible expenditure. The grant is deemed to be inclusive of VAT where it cannot be claimed back. The procurement route for the works should be chosen to maximise the expenditure on works, rather than it being allocated to VAT. For further guidance, please see paragraphs 21 - 24 below.

Process outline

Site Visit and Environmental Improvement Report

11. Once the RSC approves the release of pre-opening funding for an academy, the DfE PL will contact the AT to advise them of the grant and the AT will draw up a scope of works.

12. The scope of works should reflect the discussions held during the brokerage phase of the project and provide a priority list of works. An example blank template is included at **Annex A**.

13. The scope of works table includes space to describe the works required and 'before' photographs, and will identify the works required in priority order. The AT will be expected to implement as many of the improvements as possible, in priority order, using the EIG, and any further funding they supplement the grant with.

14. Once the AT is content with the scope of works, the PL will issue the grant letter, including a copy of the Environment Improvement Report (EIR). The grant letter clearly sets out the amount of funding available, the roles of the AT(s), the payment arrangements and conditions of grant.

Procurement and Completion of Works

15. Once the grant letter has been issued, the AT can obtain quotes and procure the works without approval by the DfE. It will be up to the AT to maintain appropriate financial records and to ensure that it complies with public procurement requirements – this is explained in the grant letter.

- Managing public money guidance is at: http://www.hm-treasury.gov.uk/psr_mpm_index.htm; and
- the Public Procurement Regulations are at: <http://www.legislation.gov.uk/uksi/2015/102/contents/made> (the main regulations) and <http://www.legislation.gov.uk/uksi/2011/2053/made> (the revision).

16. The AT should arrange for the works to be completed prior to the academy opening. Every effort should be made to achieve completion prior to opening but approval dates, planning permission, delivery times etc. may mean that some works go beyond opening.

17. Once the works have been completed, the AT/ should provide evidence by inserting photographs into the relevant column of the EIR scope of works. Where it has not been possible to address all the identified priorities, the AT should provide a brief explanation within the space provided. The declaration within the EIR should also be signed by the AT's finance director, who should also provide details of the bank account into which payment can be made. The AT should send the completed EIR to the DfE PL, as directed in the grant letter.

18. Any queries about the EIG works or process should be sent to the DfE PL.

Other matters

VAT, fees and other associated costs

19. The amount of EIG payable by DfE is the sum quoted in the grant letter and EIR. This funding includes any non-recoverable VAT, costs for professional fees and all other associated costs.

20. The revised VAT regulations in Clause 75 of the Finance Bill 2011, which inserted a new section 33B into the VAT Act 1994, provides for the refund of VAT incurred by proprietors of academies. It is possible to commission EIG work through the AT; however, the AT should check the VAT position with its local VAT office. Equally, if VAT pushes the total above the amount of grant, the AT should seek separate advice from its local VAT office on the potential of claiming VAT back from HMRC where the position is unclear.

21. If the predecessor school commissions the EIG works then VAT can be reclaimed from the local authority. If the local authority commissions the work, then it will reclaim the VAT for the school.

22. If VAT is not reclaimable, either the proposed EIG works would need to be revised to reduce the sum to come within the grant awarded, or alternative funding for the outstanding amount would need to be identified by the AT.

Annex A

Environmental Improvement Report

ENVIRONMENTAL IMPROVEMENT WORKS	
ENVIRONMENTAL IMPROVEMENT REPORT	
School Address:	Prepared by:
	Report date:
The EIG visit took place on:	
Attendance:	
DfE Guidelines: Environmental improvements are light capital works intended to have an impact on pupil learning spaces and to make a statement that the 'old school' has become an academy. The funding for environmental improvements is primarily intended as light refurbishment to make an immediate impact. Hence, the following details the scope which is considered appropriate for this school. The underlying principle for the scope of work is that it should impact on teaching, learning and the environment experienced by staff and students of the academy. The grant is deemed to be inclusive of VAT where the VAT cannot be claimed back. All preliminary costs, consultant fees, procurement and management fees, planning and building regulation costs etc. are deemed to be included as appropriate within the grant. This scope does not include the identification of other condition and/or H&S issues that may need to be addressed. Elements of the proposed works may require statutory consents such as planning permission and this should be taken into account when programming and costing the works to meet the funding timescales detailed below. Prior to payment of grant by DfE, the academy trust must submit photographic evidence of the completed works to the PL for approval.	
General notes: (About school, to be completed by PL/EA)	

SCOPE OF WORKS			
Priority	Notes	'Before' Pictures	'After' pictures
1	Description of works to be undertaken to be inserted by the PL		To be inserted by academy trust once works completed
2			
3			
TOTAL GRANT AVAILABLE			£40,000/80,000
This scope of works identifies the environmental improvement priorities and the Trust must maximise the use of grant to provide these improvements, as far as possible, in priority order.			
Where the Trust has not been able to address all of the priorities, or has not addressed them in order, please provide a brief explanation here.			

DECLARATION ON BEHALF OF [NAME] ACADEMY TRUST <i>To be signed by the academy trust's finance director</i>	
I confirm that all works have been completed, and that the grant has been spent appropriately on the works, as specified in the above scope. I also confirm that the photos are a genuine representation of the works that have been completed.	
Signature:	Name :
Position: Finance Director	Date:

BANK DETAILS										
[Name] Academy trust										
Please make payment of environmental improvement grant (capital grant) into the following account:										
Bank or Building Society:				Account Details:						
Name:				Sort Code:						
Address:				Account No:						
				Account title:						
Address for Remittance to be sent:										
Bank details authorised by (original signatures):										
Signature 1:					Signature 2:					
Name:					Name:					
Position:					Position:					
Date:					Date:					

Appendix 1

Sponsored academies monthly status report

GUIDANCE NOTES FOR COMPLETION

(please delete this notes page before submitting the report)

- **Outputs/achievements for this period** - this section should list the top five achievements for the project and could include issues resolved, and difficulties encountered. It should include key milestones met and any significant outputs e.g. funding agreement signed.
Product development plan (PDP) deliverables should not be listed
- **Slippage and Remedial Action** - this should identify any slippage in work expected to have been completed this month and the action taken to rectify this.
- **Additional Information** - this section should include any changes to the project plan. The information should be presented as a bulleted list.

Pre-Opening Budget Report

This section must be completed monthly to confirm effective budget monitoring against each of the identified categories:

- **Total Budget** – the whole budget for each category.
- **Total Budget to Date** – the planned budget spend up to the end of the reporting month.
- **Actual Spend to Date** – the amount spent/committed up to the end of the reporting month.
- **Variance** – the difference between planned budget spend and actual spend. If the actual spend is less than the planned spend the difference should be represented as a minus.
- **Budget Remaining** – the difference between total budget and actual spend to date.

Budget Narrative

- **Commentary** - this must be completed each month and explain any variance between the actual and spend to date. The information should relate to the figures in the Revenue Budget Report section.
- **End of Year Forecast** - entries here should clearly reflect the budget outturn and highlight any potential overall project under- or over-spend as soon. Project leads will discuss with project managers how any potential overspends might be

addressed from within the existing budget. There should be no expectation that more funding will be available. Project managers should discuss potential remedies in their commentary.

Delivery of Report

The status report must be sent to the DfE project lead once a month, on a date agreed with the project lead. The report is expected to cover no more than two A4 sides as set out. The aim is to provide a succinct summary pinpointing the key issues/events so that anyone unfamiliar with the project is provided with an instant snapshot of progress.

Risk Management

A full risk and issues register is not required to be submitted with the monthly status report, but should be a standing item on the project steering group meeting agenda.

Sponsored academy monthly status report

xxx Academy Month/Year
PM Company: DfE project lead Month [x] of [y] months in academy development phase
Outputs/achievements for this period:
Slippage and remedial action:
Additional information:

Pre-Opening Budget Report	Total Budget	Total Budget to Date	Actual Spend to Date	Variance Actual v Budget	Budget Remaining
Project management					
Education advice & development of educational plan, curriculum, staffing structure and policies					
Legal services					
Communications and marketing Support					
Consultation support					
HR and recruitment services					
Financial management and Advice					
Appointment of key staff, including principal designate					
Financial and management information systems					
Other					
TOTAL					
BUDGET NARRATIVE					
SPEND TO DATE					
Commentary, including explanation of any over/underspends:					
END YEAR FORECAST					
Total Budget £k	Commitments to [Day before academy due to open]		Variance (Underspend +)		

Commentary:



Department
for Education

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