



# Purchasing and maintaining musical instruments

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## Introduction

This is the purchasing and maintaining musical instruments essential document and will cover expectations of Hub Lead Organisations (HLOs) in this area, including in relation to the capital grant for musical instruments. Please read it alongside the [Guidance for Applicants](#).

HLOs will be required to facilitate access to musical instruments, including accessible and adapted/adaptive instruments for young people with special educational needs or disabilities (SEND), and will be responsible for planning and reporting on investment of grant funding in instruments, but they do not need to own all instruments across the area or directly purchase all those bought with grant funding. HLOs may wish to work with partners to meet their requirements, including transferring grant funding to partners for instrument purchases and/or managing access, storage and maintenance.

HLOs will need to keep accurate and up-to-date records of all instruments bought across the Hub using grant funding and, if successful, will be asked to provide partnership agreements where transferring grant funding to partners. The requirements set out in this guidance will be outlined in our terms and conditions and will apply to both the HLO and to any partners managing or purchasing instruments on the HLO's behalf.

## Capital grants for Hub Lead Organisations

In addition to the Music Hub core revenue grant, the Department for Education will make a further £25 million of capital funding available to successful HLOs for purchases of musical instruments for their Music Hub.

The value of the capital grant received by each Music Hub will be determined using the same funding formula as the core grant. The capital grant allocations for each Music Hub are provided [here](#). Allocations will be administered via a funding agreement between Arts Council England and the appointed HLO for each Music Hub. For further information about allocations, please see the [allocations FAQs](#).

This funding will be allocated to successful HLOs in a series of payments in financial years 2024-25 and 2025-26, with 90% of funding to be drawn down in 2024-25 and the final 10% in 2025-26. Specific payment timings will be provided to successful applicants when conditional offers are made.

The submission of detailed plans for purchasing musical instruments with the capital grant will not be required as part of this application process. At this stage, applicants will be asked to provide an overview of strategic plans for administering

the grant in response to the broader question relating to musical instruments.

In addition to this question, applicants should consider the capital grant when completing the following parts of the HLO application:

- The question on approach to facilitating, developing and implementing your Music Hub's Local Plan for Music Education (LPME) and your Music Hub Development Plan – where investment of the capital grant interacts with planned activity.
- Financial Information template - as HLOs are expected to administer the capital grant on behalf of their Music Hub, the use of the Hub's revenue grant to support and fund any costs associated to the administration of the Music Hub's capital grant will be permissible and should be outlined in applicants' budget proposals for the 2024-25 funding period. However, please note that you should not include any purchases made with the capital grant for musical instruments in your budget expenditure, or record the capital grant for musical instruments as income in your budget proposals. Any expenditure you do include in your budget submission relating to the purchase of instruments must relate to purchases made using other funding or income sources, including the core revenue grant.
- Partners Table - the capital grant can be transferred to partners to purchase instruments for the Music Hub. Any plans to do this should be detailed in the application, be reflected in the Partners Table and be underpinned by an appropriate partnership agreement if the application to lead a Music Hub is successful. Please read the partnership guidance for more information.

If an application is successful, the HLO will also be asked to provide further, more detailed plans for the capital grant as part of a conditional funding offer before payments are released. Further guidance will be provided in due course, and our requirements may be subject to change after formal offers have been made.

However applicants can expect that we may ask for:

- a register of assets
- purchasing plans, outlining what they intend to purchase, how and when
- copies of quotes obtained for purchases under £12,000
- a copy of the tender review report for purchases of, or over, £12,000
- copies of insurance certification
- evidence of suitable storage facilities
- confirmation of regular maintenance as applicable
- where the funding is to be spent by Hub partners on behalf of the HLO, evidence of partnership agreements, and arrangements for appropriate asset transfers to take place if and when needed

## Scope of the capital grant

The capital grant is intended for purchases of musical instruments, including accessible and adapted/adaptive instruments for young people with SEND.

It can only be spent on instruments that will be capitalised on the HLO's balance sheet and/or the balance sheets of their partners. Each organisation will have their own accounting policy, which will include what they consider eligible for capitalisation. This usually includes:

- a de minimis limit – a cost threshold above which purchases can be capitalised, for example this may be £1,000 or £2,500
- a useful life limit – a time threshold above which purchases can be capitalised - this is a minimum of one year across almost all organisations
- policy on grouping low-cost assets for the purposes of capitalisation
- guidance on how assets should be recorded and accounted for in the annual accounts and asset register
- guidance on repairs and maintenance
- guidance on fixed asset classes and depreciable life

As such, we would expect all purchases to have a useful life over one year and to exceed a HLO's de minimis limit.

If a single item does not meet the criteria for capitalisation, bulk purchases or similar items can be grouped (if the HLO's accounting policy allows). For example, if an organisation's policy denotes a de minimis limit of £1,500 and a useful life of one year or more, then a £200 violin would not meet the criteria and could not be capitalised, but a bulk purchase of 10 violins costing £2,000 would qualify.

Where making bulk purchases and grouping for the purposes of capitalisation, HLOs will only be permitted to spend the capital grant on assets (instruments, including adapted/adaptive instruments), not on lower value consumables (such as strings, reeds or bows) as these are usually ineligible for capitalisation due to their low cost and short useful lifespan.

Evidence of capitalisation will be required as a payment condition. Prospective HLOs should therefore consider their own organisation's capital policies when setting out plans for purchasing musical instruments, as any uncapitalised spending of the capital grant may need to be repaid.

The HLO capital grant cannot be spent on storage, maintenance or repairs. Insurance premiums paid to insurance companies cannot be capitalised but should be expensed in profit/loss statements in line with insurance policy terms and capital policy.

## **Planning musical instrument purchases**

When planning purchases of musical instruments, whether purchased with the capital grant or other revenue sources, it is important HLOs have considered how the purchases will meet local need.

Applicants should consider how they will assess need, including any intention to consult, and how they will use this evidence to inform plans. This should align to plans for activity.

Applicants should also consider what is already available to children and young people in the area, including any stock their organisation already holds, any stock that may be transferred by an existing Music Education Hub Lead Organisation or partner, and any stock held by proposed Music Hub partners. Applicants should also consider whether they could forge new partnerships to enable access to stock held by others in the local area, including schools, so any purchases made as a Hub are not duplicating what could already be made available locally.

HLOs should also specifically consider (and set out in plans and budgets) how they will ensure purchasing will support access to instruments for pupils with SEND. Local need may warrant an HLO investing proportionately more in providing the instruments needed by this cohort of learners.

## **Ensuring value for money**

To ensure value for money when purchasing, HLOs should consider:

- the cost
- the quality of the design/build/performance
- the number required
- the expected lifespan
- the different potential suppliers and their offers/costs
- any warranties or guarantees

Decisions should be based on providing the best impact for the lowest investment possible. This does not necessarily mean buying the cheapest instruments, or the best quality ones.

Ensuring value for money can often be found in purchasing large collections of stock – with discounts being applied to bulk purchases. This will also help with capitalising purchases on balance sheets.

## **Purchasing – procurement standards**

If a HLO receives a grant from us they must comply with the following conditions when buying any goods, works or services for the Music Hub.

They will be expected to seek competitive tenders for all purchases in excess of £12,000 (excluding VAT) and to show that they have selected the option which provides value for money in a tender review report. For all purchases up to and including £11,999.99, HLOs are required to obtain at least one written quotation from a supplier.

HLOs will need to provide us with any information we request in order to evidence that they have followed the correct procedure. We may not be able to pay a grant if the HLO cannot demonstrate that the process of appointing suppliers and/or contractors has been made in accordance with the correct procedure.

These conditions will also be applicable to any Hub partner making purchases using grant funding on behalf of the Hub, and should be set out accordingly in relevant partnership agreements.

If a HLO is unsure about their obligations, we advise them to take professional or legal advice.

## **Maintenance, storage and repairs**

When applying to be a HLO, applicants should consider how instruments will be stored, by them and/or by Hub partners.

Stock should be stored in secure locations with access limited to authorised personnel. If the stock is to be kept in a building used by a variety of groups of people, applicants should tell us in their application how they plan to ensure that the risk of damage will be minimised. Likewise, for stock that is loaned out or taken home by pupils, plans for minimising this risk should also be included.

Applicants should also consider how they will maintain instruments, including how they would undertake repairs where needed, and they should tell us about any financial planning they have undertaken for repair, insurance, maintenance and replacing instruments.

Most accounting policies do not allow for minor repairs (known in accounting parlance as 'ordinary repairs', such as restringing instruments) to be capitalised. Only 'extraordinary repairs' (those over the de minimis limit that extend the usefulness of a major asset for more than one year, such as the replacement of an engine or repair of a roof) can be capitalised. As such, it is highly unlikely any repairs would meet the eligibility criteria for the HLO capital grant.

HLOs should consider the following [findings and recommendations from research commissioned by the Arts Council](#).

## **Monitoring, register of assets and asset transfer**

Terms and conditions for the capital grant, and further information on monitoring, will be provided to successful HLOs.

Where instrument stock is held by the HLO or a Hub partner on behalf of the Music Hub, then the HLO will need to ensure accurate and up-to-date records are maintained in relation to type and level of stock, purchasing and repairs, loans, sales, transfers and disposal. This includes the HLO keeping an up-to-date register of capital assets held by the Hub that have been purchased using grant funding (including but not limited to the capital grant). This should include those purchased by Hub partners using grant funding, where applicable.

The register should include:

- date of purchase/lease
- purchase/lease price and replacement value
- asset description, including serial no(s). if applicable
- location of asset
- proportion of funding used to create/acquire asset
- depreciation value
- details of asset disposal

Applicants should consider this requirement when outlining plans for instruments in an HLO application.

As per the [standard terms and conditions for Music Hubs](#), we expect assets purchased with grant funding to be used for the project purposes for their productive life, or five years, whichever is shorter. Should a transfer of Hub leadership take place in this time, the assets should also be transferred.

## **Instrument loans**

Music Hubs will be expected to provide children and young people with access to the instruments they need to participate in music education. This should include an affordable and accessible instrument loan service.

Further information on this can be found in the [Programme of activity for Music Hubs essential document](#).