

Academy Trust **Bursary Schemes:** Can You Use Charitable Funds?

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Academy trusts and other education charities are increasingly looking at bursary schemes as a way to support pupils for covering the cost of books, equipment, tuition, trips, or wellbeing support. A common question follows: can we actually pay for this out of our funds, and do we need permission first?

The **short answer is usually yes** but the detail matters, and a well-intentioned scheme can stray into difficulty if it is framed or targeted in the wrong way.

Using Unrestricted Funds

Unrestricted funds (including general annual grant funding streams) can ordinarily be used for a bursary scheme, provided it:

- falls within the trust's charitable objects i.e. typically the advancement of education;
- demonstrably benefits pupils, directly or indirectly;
- is reasonable and proportionate in value and eligibility; and
- delivers a genuine educational benefit rather than a personal one.

Three tests sit underneath this. The public benefit test requires the scheme to support educational access, participation, or wellbeing. Equity and fairness require eligibility criteria that are objectively justified rather than arbitrary. And value for money requires the governing board to be satisfied that public money is being used appropriately. Hardship funds, uniform grants, and help with curriculum access all sit comfortably within this category

Using Restricted Funds

Restricted funds can also be used but only where the original restriction permits it. This is where more care is needed.

Before committing restricted money, check the wording of the donation agreement or grant condition. Funds designated for pupil support, hardship, widening participation, enrichment, access to education, or wellbeing can usually support a bursary. Funds tied to a specific capital project or a named purpose cannot simply be redirected; doing so would breach trust law. Where the wording is broad but ambiguous, trustees should record their reasoning, keep restricted and unrestricted spend clearly separated in the accounts, and if genuine doubt remains then seek donor consent or legal advice.

Do you need prior approval?

In most cases, no advance approval is required where the scheme is clearly educational, modest in scale, consistent with normal sector practice, and properly governed.

The sensitivity arises if a scheme could be regarded as “novel, contentious or repercussive.” A scheme is more likely to attract concern if payments are large or unconditional, if it looks like an incentive rather than support, if it could draw public criticism, if it sets a precedent across the sector, or if it benefits a narrow group without clear justification. A scheme modelled on established hardship or bursary arrangements, with controlled and conditional payments tied to educational participation, is far less likely to raise issues.

- **Targeting a specific year group**

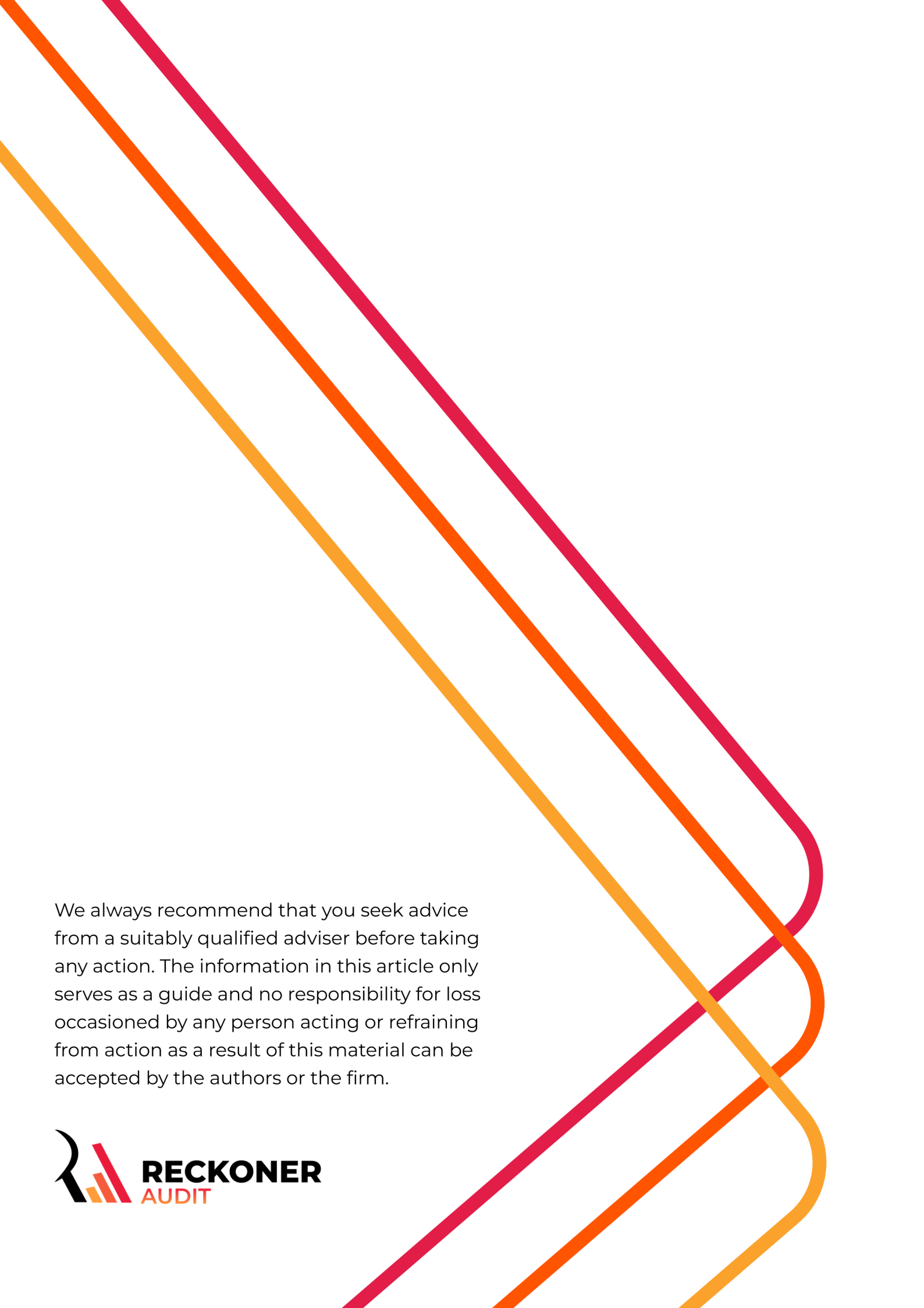
It is permissible to limit a scheme to pupils entering a particular year group for example, a key intake year, or a year where there is an attainment gap to address or a case for early intervention. The restriction simply has to be rational, non-arbitrary, and genuinely educational, with no unjustified exclusion. Trustees should watch for indirect discrimination, document the rationale and evidence base, build in periodic review, and obtain board approval.

- **A note of caution on framing**

There is one trap worth highlighting. There is an important difference between a scheme that supports pupils on the basis of educational need and one that rewards pupils simply for newly enrolling. The first is educational support; the second can look like a financial inducement to enrol and that is exactly the kind of feature that pushes a scheme towards being contentious and towards improper use of public funds. The safest design anchors eligibility on need, disadvantage, or a documented educational rationale, rather than on the fact of joining.

In Summary

A pupil bursary scheme is generally defensible where it is reimbursement-based rather than cash to parents, supported by a written eligibility policy and a full audit trail, justified by educational need rather than enrolment, approved by the board, and reviewed periodically. Get those foundations right and the scheme will sit comfortably within both charity law and academy sector expectations.



We always recommend that you seek advice from a suitably qualified adviser before taking any action. The information in this article only serves as a guide and no responsibility for loss occasioned by any person acting or refraining from action as a result of this material can be accepted by the authors or the firm.

