

The Standards Fund 2006-2008

Issued December 2005

All general enquiries should be sent by email to the helpline at enquiries.standardsfund@dfes.gsi.gov.uk

This guidance is also available at www.teachernet.gov.uk/specificgrants200608

SECTION 1: INTRODUCTION

As Ministers announced in July the new arrangements for school funding from 2006-2007, include the rationalisation of specific grants. In particular:

- the merging of most Standards Fund grants for schools into an expanded School Development Grant;
- the ending of local authority matched funding for grants that are mainly devolved to schools;
- a new, largely pupil led, formula for the School Standards Grant;
- additional support for schools with the highest relative deprivation following the ending of the Leadership Incentive Grant; and
- transitional arrangements for schools no longer receiving the Leadership Incentive Grant .

Schools will see a per pupil increase in their 2005-2006 School Development Grant of at least 3.4% in 2006-2007 and a further 3.7% increase in 2007-2008. Schools are free to spend this grant on any purpose to support improvement in teaching and learning, leading to higher standards of attainment throughout the school.

Additional funding has been put into the *School Standards Grant* to help schools meet the challenge of extended services. From 2006-2007, schools can spend their School Standards Grant on community facilities in support of extended services beyond those that are eligible to be supported through their main delegated budget.

Schools and local authorities should see the Standards Fund as making a contribution to their development and improvement agenda, including personalised learning. As announced in October 2005, additional funding is being provided through the Dedicated Schools Grant to increase support for personalised education; this is on top of the continuing funding provided through the Standards Fund for gifted and talented children. In considering the most effective way of using their Standards Fund grants to meet their targets, schools can draw on the range of support available through the national primary and secondary strategies.

The arrangements set out in here are for 2006-2007 and 2007-2008. Decisions on funding beyond 2007-2008 will be made as part of the Comprehensive Spending Review in due course.

SECTION 2: GENERAL ARRANGEMENTS AND ACTION REQUIRED

1. This Circular covers recurrent Standards Fund grants and the ICT in Schools Grant. Please note that the School Standards Grant (SSG) is included as this is now paid through the Standards Fund. Details of the main capital grant programme will be notified separately.
2. A summary of the grants supported through the Standards Fund is at **Annex A**. For most grants individual local authority allocations are included at **Annexes B and C**. A list of DfES contacts for each grant is also attached at **Annex H**.
3. Where grants continue to require matched funding, local authorities are asked to confirm their take-up of allocations for 2006-2007 **by 24 February 2006**. **This information should be sent via e-mail to enquiries.standardsfund@dfes.gsi.gov.uk**.

Changes to grants from 2006-2007

School Development Grant (SDG)

4. The School Development Grant has been expanded to include a further nine previously separate grants. Details of the grants concerned are given in paragraphs 30 to 43.

Leadership Incentive Grant

5. The three year Leadership Incentive Grant ends in March 2006 as planned. Additional funding will continue to be paid to the most vulnerable schools: those with high relative deprivation. We have also introduced transitional arrangements for those schools who are not eligible for this additional funding, but where the Leadership Incentive Grant currently represents a significant proportion of their budget. This additional funding will be paid as part of the expanded School Development Grant. Further details are at paragraph 34 below.

ICT in Schools

6. As announced in November 2004, in the booklet "Schools Capital: Investment for All", the DfES grant for ICT in Schools Infrastructure and Support (grant 31a in 2005-2006) will be included in Devolved Formula Capital from 2006-2007. The amount previously required to be provided by each local authority as matched funding will be allocated as DfES grant through the expanded School Development Grant. For details of Devolved Formula Capital allocations please contact Peter Grenville (peter.grenville@dfes.gsi.gov.uk). Grants for Broadband Connectivity and e-Learning Credits will continue as separate ring fenced grants.

School Standards Grant (SSG)

7. The new formula for School Standards Grant is set out at paragraphs 44 to 51. A calculator to enable schools to work out their SSG allocations for 2006-2007 and 2007-2008 is available at www.teachernet.gov.uk/specificgrants20062008. The conditions of grant have been expanded to enable schools to spend the grant on community facilities in support of extended services that are not eligible to be supported through their delegated budgets

School Meals

8. The School Meals grants, first paid in September and October 2005-2006, are now included in the Circular. These will be paid on the same formula as in 2005-2006.

Music Services

9. The grant for Music Services has been increased to enable schools to support instrumental tuition at Key Stage 2. The whole of the increase should be devolved to primary schools.

Teachers Pay Grant

10. The Teachers Pay Grant (TPG) will not be paid as a specific grant from 2006-2007. The grant has been transferred into each local authority's baseline for the Dedicated Schools Grant. This will ensure that every authority receives an increase on its current total for TPG.

Vulnerable Children Grant

11. The Vulnerable Children Grant will cease to be a separate grant from 2006-2007 and become part of a single Children Services Grant. Details of this grant were given in the Department's letter of 5 December to Chief Executives about Local Authority Children Services Funding. A copy of the letter can be found at <http://www.dfes.gov.uk/childrenandfamilies>. Please contact Paul O'Connor at paul.o'connor@dfes.gsi.gov.uk, or 020-7925-5696, if you have any further enquiries about this grant.

LEA Support for Workforce Remodelling

12. As announced in July, this three-year grant will not continue beyond 2005-2006.

Matched Funding

13. As announced in July, matched funding for school grants will end from 2006-2007. These grants will be paid at 100% by the DfES from 2006-2007, funded through a transfer from each local authority's Dedicated School Budget baseline. The baseline transfers are those agreed in Stephen Bishop's letter of 28 November to Chief Executives.

14. Matched funding will continue for four grants which are spent at local authority level: Grants 112 and 113, Central Coordination of the Primary and Secondary Strategies; Grant 118, Playing for Success; and Grant 121, Broadband Connectivity. The amount each local authority is asked to

contribute is set out in **Annex B**.

15. Matched funding can be met from either the LEA Budget or the Schools Budget provided the expenditure is in support of the purposes of those budgets as defined by the "LEA Budget, Schools Budget and Individual Schools Budget (England) Regulations 2005". Local authorities should make Schools Forums aware of any matched funding contributions made from the Schools Budget.

Grants spent at local authority level

16. These grants can be fully retained by local authorities for supporting central programmes. Virement is permitted between Grant 112, Primary Strategy Central Coordination, 113, Primary Strategy Central Coordination, 114 Secondary Behaviour and Attendance Central Coordination and 117: Education Health Partnerships. All other local authority grants are ring-fenced.

17. Local authorities that are rated Excellent/3* Education by the Comprehensive Performance Assessment will have their local authority grants paid as a non ring-fenced specific formula grant.

Devolution to schools

18. Devolution requirements for each grant are given at **Annex A**. These are the minimum amounts required to be devolved to schools. For the School Development Grant local authorities can only hold back the same cash amount as in 2005-2006, the rest must be devolved to schools. Authorities should consult their Schools Forums on the arrangements for the allocation of grant to schools.

19. Schools will be able to spend their devolved funding on any purpose to support the improvement of teaching and learning, providing that they deliver the outcomes and outputs of the grants for which they have an allocation. The aim is to ensure that schools have the flexibility to use the money to meet their own priorities. The only exception to this is the Ethnic Minority Achievement Grant and the capital grant for e-Learning Credits which remain ring-fenced.

20. Where schools have a contract or agreement with the Department, for example for Training School status, they should continue to meet their obligation under those agreements.

Payment of grant to LEAs

21. Standards Fund Grants will continue to be paid in regular scheduled streams in May, September, December and March. Grant 102, School Standards Grant and Grants 105a and 105b, School Meals will each be paid in a single instalment each year, subject to a completed Section 52 Budget Statement being submitted to the DfES.

Timing of expenditure

22. Schools and local authorities can spend their 2006-2007 allocations up to 31 August 2007, and their 2007-2008 allocations to 31 August 2008. As part of their normal dialogue with their local authority, schools should be able to demonstrate that they have worked towards the objectives of each grant for which they have an allocation. We would not expect schools to have unspent amounts at the end of each period. We would expect local authorities to have spent all their retained funding by the end of each period. Any grant reported on a local authority's outturn monitoring form as unspent by the expenditure deadline in each year will be repaid to the Department.

23. The expenditure deadline does not apply to Grant 102: School Standards Grant, Grant 105b: School Meals Grant, or where an allocation is paid as part of a specific formula grant (see paragraph 17 above).

Reporting requirements

24. There will be a single aggregate return from local authorities at the end of the spending period, reporting for each grant how much the LEA had spent centrally and how much it had allocated to schools. This will provide an assurance that authorities have: provided the required match funding; spent centrally retained Standards Fund grant on the allocated purposes; and allocated the required amounts of each grant to their schools. Please note that there will remain separate reporting and auditing requirements for School Standards Grant and Grant 105b, School Meals.

Performance monitoring

25. We do not envisage any separate monitoring of performance specifically related to the Standards Fund. The objective is that local authorities should monitor progress relative to key targets and any other plans agreed with the Department; that schools should similarly measure progress relative to targets and priorities as agreed with their School Improvement Partners and any agreement with the Department (such as a specialist school agreement); and that both schools and local authorities should take account of the priorities set out in any current OFSTED post-inspection Action Plan.

Legal basis

26. Standards Fund grants, with the exception of those mentioned in paragraph 27 below, will be paid under Sections 14-18 of the Education Act 2002. Any requirements of grant set out in this Circular are pursuant to section 16 (1) of the Education Act 2002. Copies of these sections can be found at <http://www.legislation.hmsso.gov.uk/acts/acts2002.htm>

27. Specific Formula Grants, referred to in paragraph 17 above, will be paid under Section 31 of the Local Government Act 2003. A copy of this section can be found at <http://www.legislation.hmso.gov.uk/acts/acts2003/30026--f.htm#31>).

Contacts

28. The Department will continue to notify local authorities of significant developments via e-mail to each LEA's named Standards Fund contact and through the Department's Standards Fund website www.dfes.gov.uk/standardsfund

Enquiries

29. General enquiries about the Standards Fund should be addressed by e-mail to the enquiry helpline **enquiries.standardsfund@dfes.gsi.gov.uk**, or to: Graeme Roberts on 020-7925-6086. Enquiries about individual allocations should be addressed to the contact officer named in the table at **Annex H**.