

THE STANDARDS FUND GRANT PROGRAMME 2008/09

Report of the Director of Children, Schools and Families

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1. Purpose

- 1.1 To provide information about The Standards Fund (TSF) grant programme for 2008/09.
- 1.2 To outline the way in which the TSF grant programme is proposed to be used to support the strategic objectives of the CSF Plan.
- 1.3 To seek advice on proposals for devolving grants to schools.
- 1.4 To seek approval for the proposed allocation of headroom within the School Development Grant.

2. Summary

- 2.1 There have been a number of changes to the overall Standards Fund Programme for 2008-09 however the majority of these changes affect LA grants rather than School grants. The overall grant programme in 2008-09 is slightly lower in cash terms than in 2007-08 due to the cessation of some grant streams. Most continuing grants have been increased by 2.1% per pupil, and there is a welcome continuation of the post-LIG transitional grant until 2011.
- 2.2 Overall allocations to schools increase from £56.9 million in 2007-08 to £64.1 million in 2008-09, due chiefly to the introduction of a new grant for Early Years provision totalling £7.0 million. However there is a reduction in capital grants both for schools and for the authority.
- 2.3 Whilst the School Development Grant has increased by 2.1% overall, the authority and Schools Forum are asked by the DCSF to begin considering how to move towards a formulaic allocation of this grant.

3. Recommendations

- 3.1 It is recommended that Schools Forum:
- Notes the overall Standards Fund programme for 2008-09 as announced by the DCSF;
 - Approves the allocation methodology for School Lunch Grant, post-LIG transitional grant and headroom within the School Development Grant;
 - Approves the vote back of £716k funding for maintenance of the Hertfordshire Grid for Learning; and
 - Notes and comments on the proposed utilisation of centrally retained elements of the Standards Fund grants.

4. Background

- 4.1 The final TSF grant programme for 2007-08 was £74.3m, excluding those grants that transfer to the Area Based Grant programme. The equivalent programme for 2008-09 is £73.7m as set out in Appendix 1. The final totals for the grants may move slightly when final pupil numbers are confirmed by the DCSF.
- 4.2 A significant change in the 2008-09 (and 2009-10) programme is the delivery of the capital modernisation programme through supported borrowing rather than specific grant for Hertfordshire. In addition the targeted capital programme is focused on projects relating to the development of 14-19 diplomas and special education needs and disabilities across 76 authorities. Hertfordshire has not received any allocation of targeted grant. These changes account for a reduction of £11.1m between 2007-08 and 2008-09. Partially offsetting this reduction are several new grants:
- i) Additional funding for Early Years to expand and increase the flexibility of the entitlement for 3-4 year olds of £7.0m
 - ii) Capital grant to support the delivery of the extended schools agenda of £1.7m.
 - iii) Extended schools sustainability of £1.5m
- 4.3 A number of grants have been amalgamated and repackaged for 2008-09. This includes:
- School Lunch Grant which replaces Targeted School Meals Grants to the authority and schools. Further information on this is set out in section 7.
 - Harnessing Technology Grant which is an amalgamation of e-learning credits and national digital infrastructure. The new grant is a capital grant to deliver connectivity, ICT access, systems and hardware to support the delivery of ICT in the classroom.
- 4.4 Whilst it was anticipated that the Leadership Incentive Grant would cease for 2008-09, the transitional arrangements have been extended to 2011. Further information on this is set out in section 5.

- 4.5 The School Development Grant (SDG) is increased overall by the value of the minimum funding guarantee of 2.1% per pupil. Schools must receive the same per pupil funding as in 2007-08. Any funding remaining after this condition is applied must be allocated to schools on a fair and equitable basis. Proposals for allocation of the SDG headroom are set out in section 6.
- 4.6 Schools have the freedom to choose how they spend the majority of their devolved funding allocations, subject to the delivery of the outcomes and outputs of the grant for which they have received an allocation. The only exceptions to this are Ethnic Minority Achievement Grant (EMAG) and Devolved Formula Capital (DFC) allocations which must be spent in line with the conditions specified by the DCSF for each grant.

5. The 2008/09 grant programme

- 5.1 The TSF grant programme falls into four main categories:
- School Development Grant (SDG);
 - Targeted and Demand-led grants;
 - Capital Grants
 - LA Grants moving to Area Based Grant
- 5.2 Appendix 1 summarises the overall grant programme for schools for 2008/09 compared to 2007/08. Local Authority Grants and the retained part of School Development Grant are excluded from this table because they are transferred to a new Area Based Grant structure. Appendix 1 highlights the decrease in the overall programme and the changes to individual grants.
- 5.3 The lump sum and per pupil allocations for Devolved Formula Capital are at the same rate as in 2007-08 and have not been increased. The value of DFC is further reduced by deletion of the previous element based on the number of statements and because there is a new requirement to reduce the value of the DFC allocation to a school which has been significantly refurbished to 50% of the previous level. E-Learning credits have also been discontinued which means that overall schools capital grants are reduced from £20.2 million to £18.5 million.
- 5.4 The annual comparison between devolved and retained elements of the grant programme for 2006-07 and 2007-08 is shown in Appendix 1. The devolved allocation percentage for the overall grant programme has increased significantly due mainly to the greater decrease in LA capital grants compared to schools' capital grants.
- 5.5 Formulae for the allocation of grants to schools are unchanged from 2007/08 except as proposed below in respect of School Lunch Grant and SDG headroom.

5.6 Operational arrangements for the 2008/09 TSF programme are unchanged from 2007/08.

6. Sector information

6.1 Appendix 2 provides an analysis of the movement of grant across the sector split on a “per pupil” and “per school” basis. All sectors except nursery schools receive an increase in average allocations. The low increase in secondary schools and the overall decrease in nursery schools are due to the reduced DFC allocations to refurbished schools.

6.2 Whilst Appendix 2 illustrates the changes in grant across the breadth of the grant programme, the change may vary from school to school, reflecting the targeted nature of some grants. The anticipated impact that this may have for different categories and types of schools is exemplified in Appendix 3.

7. Post LIG Transition Grant

7.1 The Leadership Incentive grant was provided to transform leadership at all levels in secondary schools facing challenging circumstances and to speed up the pace of improvement in teaching and learning. Whilst it had been anticipated that this grant would cease in 2008/09 there are transitional arrangements in place until 2011. The grant is payable to 14 named secondary schools across the authority. In each of the next three years the authority will receive the same total amount of funding as in 2007/08. Authorities in consultation with their School Forums are able to determine the distribution of this funding. There is a limit on the level a school can lose from this element in each year at 3% of the school’s budget share, however this would only protect one Hertfordshire school from complete cessation of the grant in 2008-09.

7.2 It is proposed that the transition mechanism for reduction of funding should be based on the following scale:

Year	Allocation as a % of 2007/08 LIG grant
2008-09	90%
2009-10	75%
2010-11	60%

This would release £140k, £351k and £562k for general distribution. This resource was originally intended for secondary schools facing the most challenging circumstances therefore it is proposed that it should be targeted at deprivation in the secondary school sector using free school meals as a proxy measure. Appendix 1 shows this distribution below the main devolved School Development Grant.

8. School Development Grant (SDG)

- 8.1 The School development Grant has been increased by 2.1% per pupil. This takes no account of the separate components which previously made up the grant. Guidance to the grant asks authorities and their Schools Forums to consider how to redistribute the SDG within certain limits so that historic differences in allocations can gradually be reduced where they are no longer appropriate.
- 8.2 The current distribution of SDG is the product of the Standards Fund grants that predated the SDG and of several years of DCSF protection regimes. The amounts per pupil vary considerably between schools (for example from £60 to £500 per pupil in primary and from £29 to £64 per pupil in secondary).
- 8.3 It is expected that in the long term the DCSF will move the SDG into the Dedicated Schools Grant so that the funding would be distributed through the school budget shares funding formula. Consideration has therefore been given to gradually amending the formula for devolving the SDG, to make it more compatible with the formula underpinning school budget shares. However, the DCSF requirement that the rate of SDG funding per pupil for all schools has to be at least as high for the next three years as it was in 2007/08 severely restricts the opportunity to change the SDG distribution formula. Furthermore the DCSF requires that the differential in SDG funding per pupil between the most and least deprived schools in a local authority must not be narrowed from its 2007/08 level.
- 8.4 The following actions are therefore proposed:
 - 8.4.1 Increase 2007/08 allocations by 2.1% per pupil for each of the three years. This is straight forward and is consistent with the funding available and the approach used in 2006/07 and 2007/08. However, this perpetuates the existing funding differentials and does not reflect the DCSF's concern to target funding at schools with higher levels of deprivation.
 - 8.4.2 Release £200k from the grant stream for Advanced Skills Teachers, which has not been fully utilised in previous years.
 - 8.4.3 Fund the significant increase in pupil numbers at the ESCs, which receive an allocation of around £1,000 per pupil. This has the effect of transferring £80k from headroom to ESC's and increases the total ESC allocation by significantly more than the overall increase of 2.1%.
 - 8.4.4 Apply the remaining headroom of approximately £170k in 2008/09 to target the most deprived schools by allocating it according to free school meal entitlements. This does reflect the deprivation issue but introduces a new complexity into the distribution of SDG.

8.5 In previous years, the ICT Partnership Working Group has agreed to vote back an initial amount of the grant for ICT in schools, Infrastructure and Support. This has been used to fund the maintenance of the e-learning team (Hertfordshire Grid for Learning) and purchase of on-line content to be placed on the Grid for the benefit of all schools. The ICT Partnership Working Group (PWG) has proposed that £716k should be voted back in this way for 2008/09. The ICT PWG is continuing to discuss arrangements for the provision of SAM Learning in future, if this is not provided centrally for all schools then a further devolvement of the funds will be made during the year. Under the new arrangements for School Development Grant this vote back needs to be approved by the Schools Forum, therefore Forum is asked to approve the vote back of £716k from SDG for the purposes set out above.

9. School Lunch Grant from 2008/9 to 2010/11

- 9.1 School Lunch Grant from 2008/9 to 2010/11 replaces the previous Standards Fund 5A (LEA) and 5B (Schools) and is intended to “help manage the direct costs of providing school lunch”. These could include not only ingredients but also the increased costs of additional hours to prepare fresh food, increased rates of pay for employees with higher skills levels or for small pieces of extra equipment needed to provide a hot meal. A key need identified nationally is for the nutritional analysis of menus which would be an appropriate use for this funding. This comes into force from September 2008 (Primary) and September 2009 (Secondary).
- 9.2 It was agreed with Schools Forum previously that TSF 5A from 2005/6 to 2007/8 be allocated on the same basis as TSF 5B, on the grounds that this was in line with the DfES’ perception of the pressures on the service within each sector, and that sector’s ability to cope.
- 9.3 It is proposed that a similar basis of allocation be used for School Lunch Grant, resulting in the following:

	Primary/Special/Nursery/ESC	Secondary
Per School	£2,686	£3,764
Per Pupil	124p	124p

The total allocations for each sector would be:

	<u>£000</u>
Nursery	41
Primary	1,229
Secondary	409
Special	71
ESCs	<u>22</u>
TOTAL	<u>1,772</u>

- 9.4 The funding arising from the above formula would be devolved to each School, with the exception of those Primary and Special Schools in Buy Back. Secondary Schools, and others providing the service in-house, would then need to decide how best to use the funding to meet the items identified above.
- 9.5 The use to be made of the Grant within the Buy Back account will be agreed and reported upon to Schools Forum, but it is suggested at this stage that the most appropriate use of the additional grant in 2008/9 is to cope with the impact of the national increase in food prices of some 10% (due chiefly to poor crops in many global economies and to soaring fuel costs) and to ensure that the menus are nutritionally analysed by the deadline of September 2008.

10. Proposals for use of centrally retained grant

- 10.1 Appendix 4 provides information on the proposed use of the centrally retained grant elements for 2008/09. For SDG the cash amount retained centrally is held at the same cash level as in 2006-07.
- 10.2 The level of overall grant for the Primary National Strategy targeted grant (107) is increased from the previous year due to the transfer of previous grants 112 into this line. This grant includes an increased requirement to deliver training for all schools on the revised literacy and numeracy framework, and training for targeted schools focussing on under performing pupils.
- 10.3 For all other targeted and demand led grants it is proposed that the cash value retained centrally should be held at the same cash value as in 2006-07.