

SPECIAL GRANT REPORT FOR

I PERFORMANCE PAY PROGRESSION FOR POST-THRESHOLD TEACHERS, MEMBERS OF THE LEADERSHIP GROUP, ADVANCED SKILLS TEACHERS AND HIGH PERFORMERS ON THE MAIN PAY SCALE

II THRESHOLD PAYMENTS FOR TEACHERS EMPLOYED BY LOCAL AUTHORITIES IN CHILDREN'S HOMES

LAID BEFORE THE HOUSE OF COMMONS BY THE SECRETARY OF STATE FOR EDUCATION AND SKILLS

Introduction

1 This Report is made by the Secretary of State for Education and Skills ("the Secretary of State") and laid before the House of Commons under section 88B of the Local Government Finance Act 1988 ("the 1988 Act") as substituted by paragraph 18 of Schedule 10 to the Local Government Finance Act 1992. It specifies determinations concerning special grants which the Secretary of State proposed to pay to certain local authorities in England.

2 This Report specifies the Secretary of State's determinations of the authorities to which the grants are to be paid, the purpose for which the grants are to be paid and the proposed manner in which the amounts to be paid to each authority are to be calculated. It also sets out an explanation of the main features of these determinations and specifies the conditions which the Secretary of State intends to impose on the payment of the grants.

3 Before making these determinations, and before specifying the conditions, the Secretary of State obtained the consent of the Treasury.

The Purpose

Performance Pay Progression (PPP) Grant

4 (a) Pursuant to section 88B(3)(b) of the 1988 Act, the Secretary of State hereby determines that special grants shall be paid for the purpose of defraying local education authority expenditure on the additional salary costs of teachers being paid on the upper pay scale, members of the leadership group being paid on the leadership pay scale, advanced skills teachers being paid on the advanced skills teacher pay scale and high performers on the main pay scale awarded an additional point on the respective pay spines in the academic years 2001/02, 2002/2003 and 2003/2004 in respect of performance in the academic years 2000/01, 2001/2002 and 2002/2003 respectively.

Threshold Grant

(b) (i) The Secretary of State has made an order under section 2(1) of the School Teachers' Pay and Conditions Act 1991 ("the 1991 Act"), amending the School Teachers' Pay and Conditions Document 2000, which is now incorporated into the School Teachers' Pay and Conditions Document 2001 ("the Pay and Conditions Document"), to introduce an "upper pay scale" for classroom teachers. Teachers gain access to the upper pay scale by being assessed

against performance standards set out in that order. Head teachers, deputy head teachers and advanced skills teachers reverting to classroom teaching are also entitled to be paid on the upper pay scale, without assessment, if they fulfil the conditions set out in the order.

(ii) The School Teachers' Review Body made recommendations about introducing an upper pay scale in their ninth report dated 1 February 2000, and the Secretary of State consulted under the 1991 Act about introducing the upper pay scale. The arrangements for teachers to be assessed against performance standards in order to gain access to the upper pay scale were referred to the School Teachers' Review Body under section 1 of the 1991 Act on 28 July 2000. The School Teachers' Review Body made recommendations on 20 October 2000. A pay order made on 22 November bringing into effect the upper pay scale came into force on 13 December 2000.

(iii) The only teachers employed by local authorities to provide education for school-age children who were excluded from the 1991 Act and are outside the Pay and Conditions Document (and therefore not to date eligible for threshold assessment) are those who work exclusively in children's homes maintained by local authorities (including community homes with education, secure units and other establishments for children maintained by local authorities in the exercise of a Social Services function) ("local authority teachers"). The Secretary of State has consulted and has now determined that those teachers should be eligible to apply for threshold assessment.

(iv) Pursuant to section 88(3)(b) of the 1988 Act, the Secretary of State hereby determines that special grants shall be paid as a contribution to the additional costs, in the period commencing on 1 September 2000 and ending on 31 March 2003, arising from a salary increase triggered by any local authority teacher who has been assessed as passing the performance threshold.

Amount Payable to Authorities

5 Pursuant to section 88B(3)(a) and c(i) of the 1988 Act, the Secretary of State hereby determines that PPP grant will be paid to the authorities set out in Part I of Annex A, and that the amount of PPP grant will be calculated in accordance with the manner of calculation set out in Part II of Annex A.

6 Pursuant to section 88B(3)(a) and (c)(i) of the 1988 Act, the Secretary of State hereby determines that threshold grant will be paid to the authorities set out in Part I of Annex B, and that the amount of threshold grant will be calculated in accordance with the manner of calculation set out in Part II of Annex B.

Main Features

7 Annex C contains such explanation as the Secretary of State considers desirable of the main features of the determination of the grants.

Conditions for the Payment of the Grants

8 Pursuant to section 88B(7) of the 1988 Act, the Secretary of State specifies as the conditions which she intends to impose on the payment of the special grants the conditions set out in Annex D.

Estelle Morris
*Secretary of State for
Education and Skills*

[2001]

The consent of the Treasury has been obtained to the making of these determinations and to the conditions specified in Annex D to this Report.

*Two of the Lords
Commissioners of Her Majesty's Treasury*

[2001]

PART I

AUTHORITIES TO WHICH PPP GRANT IS PAYABLE

1 Grant is to be paid to any authority in England which falls within the following classes of receiving authority and which has the functions of a local education authority:

county councils
London borough councils
the Common Council of the City of London
the Council of the Isles of Scilly
district councils with the functions of county councils, and
councils of metropolitan districts

PART II

CALCULATION OF THE AMOUNTS OF PPP GRANT PAYABLE TO AUTHORITIES

2. (1) In this Annex-

“a teacher eligible to receive a performance award” is a teacher employed in the provision of primary or secondary education by-

- (a) a local education authority (otherwise than in an establishment maintained by them in the exercise of a social services function)
- (b) the governing body of a foundation, voluntary aided or foundation special school

and who is employed under the School Teachers’ Pay and Conditions Document on a pay scale for one of the following as set out in that Document:

- (a) post-threshold teachers;
- (b) members of the leadership group;
- (c) classroom teachers; or
- (d) advanced skills teachers.

“FTE” means full time equivalent

“relevant period” means 1 April 2002 to 31 August 2004

(2) For the purposes of this Annex the School Teachers’ Pay and Conditions Document shall be deemed to apply in respect of teachers employed at schools to which an order under section 3(4) of the Schools Teachers’ Pay and Conditions Act 1991 applies.

3. Authorities will receive payments from the Department for Education and Skills (DfES) from which they will make payments to schools to support the additional salary costs of those teachers eligible to receive a performance award who have been awarded a performance point in respect of their performance in the previous academic year and within the relevant period.

4. The DfES will calculate the grant to be paid to local authorities according to the calculations sets out in paragraph 5 of this annex. Authorities are required to use the same formula to allocate the grant to schools within the local authority (see Annex D).

Grant calculations

5. Each authority will receive grant calculated using the following formulae:

$$L = A + B + C$$

where

L = the amount of grant for an individual local authority.

$$A = \frac{G \times 0.75 \times N_d}{N_e}$$

$$B = \frac{G * 0.15 \times N_f}{N_h}$$

$$C = \frac{G * 0.10 \times N_j}{N_k}$$

Where

G = The level of grant available nationally for the relevant financial year.

In 2002-03 this will be £100m

In 2003-04 this will be £150m

N_d = The FTE number of teachers employed on the post-threshold pay scale in the local authority.

N_e = The FTE number of teachers employed on the post-threshold pay scale in England.

N_f = The FTE number of teachers employed on the leadership pay scale in the local authority.

N_h = The FTE number of teachers employed on the leadership pay scale in England.

N_j = The FTE number of teachers employed on the main pay scale or on the pay scale for advanced skills teachers in the local authority.

N_k = The FTE number of teachers employed on the main pay scale or on the

pay scale for advanced skills teachers in England.

Data

6. The DfES will use the most up to date and accurate data available to calculate the level of grant for each authority. It will use the Database of Teacher Records and the information it has collected administering Special Grants No. 70 and 74 (Threshold). The DfES will inform local authorities by 28 February in the year preceding the financial year to which the grant relates of the amount of grant it is to receive.

7. Local authorities should use the most up to date and accurate data it holds to calculate individual school allocations. The DfES will include those staff employed centrally by the local authority and who meet the criteria set out in paragraph 2 of this annex. The authority is expected to take account of teachers it employs centrally within these calculations and retain a proportion of this grant for these staff.

8. Once the money is received in schools, a governing body is expected to award performance points where they are most deserved and in line with the school's pay policy. The DfES does not require or expect the awarding of these points to replicate in any way the weightings set out above.

Payment dates

9. The DfES will make two payments in each financial year to local authorities. Payments will be made:

- By 1 August 2002 and 10 January 2003 for the 2002-03 financial year; and
- By 1 August 2003 and 9 January 2004 for the 2003-04 financial year.

The first payment will be 55% of the total and the second payment will be 45%.

PART I

AUTHORITIES TO WHICH THRESHOLD GRANT IS PAYABLE

- 1 county councils
London borough councils
the Common Council of the City of London
the Council of the Isles of Scilly
district councils with the functions of county councils, and
councils of metropolitan districts

PART II

CALCULATION OF THE AMOUNTS OF THRESHOLD GRANT PAYABLE TO AUTHORITIES

- 2 In this Annex-

“a post-threshold teacher” means a teacher employed by a local authority in a children's home maintained by the local authority (including local authority secure units, community homes with education and other establishments for children maintained by local authorities in the exercise of a social services function) and who has been assessed as meeting the threshold standards set out in the Pay and Conditions Document.

“FTE” means full time equivalent

“main pay scale” means the main pay scale for teachers set out in the Pay and Conditions Document

“upper pay scale” means the pay scale for post-threshold teachers set out in the Pay and Conditions Document

“relevant period” means 1 April 2002 to March 2003

“Pay and Conditions Document” means the School Teachers' Pay and Conditions Documents, as amended from time to time, applicable to the period in question.

Grant calculation

- 3 The DfES will make retrospective payments to local authorities to cover the additional costs of post-threshold teachers employed in the authority in the academic years 2001/02, 2002/03 and, where appropriate, 2000/01. Local authorities must provide the DfES by 30 June 2002 and 30 June 2003 with the consolidated total FTE number of post-threshold teachers (as defined in paragraph 2 of Annex B) that are or have been employed within the authority during the course of the academic year(s) in question.

4 Grant will be paid to cover the costs incurred within the relevant period and, where post-threshold teachers are eligible for back pay to September 2001, the grant will be adjusted to reflect the additional costs incurred during that period. Post-threshold teachers who would have been eligible for assessment in the first round (2000/01) of threshold applications will attract pay backdated to September 2000.

5 Payment will be calculated on the basis of the difference between point 9 on the main pay scale and point 1 of the upper pay scale applicable during the period in question. An amount will be paid in addition to this level of grant to cover associated pension and national insurance contributions. It will be based on an average percentage addition and will vary from year to year but will match that given under Special Grants 70 and 74.

MAIN FEATURES OF THE GRANTS

PPP Grant

1 In March 2001, the Secretary of State, recognising the increased financial implications of teachers being awarded performance points, announced that grant would be made available to support the awarding of performance points to teachers eligible for performance pay from April 2002. This grant will provide earmarked funding to help ensure that good performance is recognised and rewarded more consistently in the leadership group and elsewhere.

2 The purpose of this grant is to support schools and authorities to recognise and reward the performance of head teachers, deputy head teachers, assistant head teachers, advanced skills teachers, post threshold teachers and high performers on the main pay scale. Their skills, expertise, commitment and leadership are crucial to the success of the teaching profession. The grant will support and encourage schools and authorities to reward teachers eligible for performance pay by moving them up their pay ranges, and will ensure that they will be aware of the funding available to support these costs when deciding on the award of any performance points between April 2002 and August 2004.

Threshold Grant

3 This grant is intended to facilitate payments to be made in parallel to the Special Grant Reports Nos 70 and 74, which implemented some of the objectives set out in the Green Paper "Teachers: Meeting the Challenge of Change" (Cm.4164), setting out the Government's vision of a world-class education service founded on better leadership for all schools and better pay for good teaching.

4 One of the key principles underlying the Green Paper reforms was to provide significant rewards for good classroom teaching, and to reduce the emphasis in the pay system on recognition being almost exclusively for responsibility. A new "performance threshold" has been created for experienced teachers paid on the classroom teachers' pay scale. Eligible teachers who apply to cross the performance threshold, and are successful, will be promoted to an upper pay scale.

5 In responding to the School Teachers' Review Body's ninth report, published on 1 February 2000, the Secretary of State confirmed that a grant would provide earmarked funding for teachers promoted to an upper pay scale in the initial years of the new pay arrangements. The purpose of the grant was to enable local authorities to fund fully the additional salary costs to schools of these teachers in the period ending on 31 March 2003. The details of this grant are provided in Special Grant Reports Nos 70 and 74.

6 The Secretary of State has determined that teachers employed by local authorities, working exclusively in children's homes maintained by local authorities, who fall outside the scope of the Pay and Conditions Document and who have therefore to date been ineligible for threshold assessment to qualify for the above grants, should now be eligible for such assessment. Grant will be paid as a contribution towards any consequent increase triggered by any of these teachers having been assessed as passing the performance threshold.

7 Grant will be given on the same basis as in the Special Grant Reports referred to above. Moreover, this should be backdated, where appropriate, to September 2001 and therefore any entitlement to extra pay which falls within the scope of this grant should take effect as though those teachers in question had been entitled to payment on the upper scale since September 2001. Post-threshold teachers who would have been eligible for assessment in the first round (2000/01) of threshold applications will attract pay backdated to September 2000.

CONDITIONS FOR THE PAYMENT OF GRANT

Use of grant money

1 Each local authority must use both grants only for the specific purpose in respect of which they are paid. Specifically:

- (a) in respect of the PPP grant
 - (i) the grant will be used solely in support of the costs of awarding an additional pay point for the year beginning September 2001 or any subsequent year in respect of performance in the previous academic year, and of meeting associated pension and national insurance contributions;
 - (ii) grant used in accordance with (i) must be spent between 1 April 2002 and 1 August 2004.
 - (iii) the authority must allocate to each school a sum calculated in accordance with the same formula as determines the sum received by the authority in accordance with the provisions of Part II of Annex A
 - (iv) the authority must distribute to each school the sum calculated under paragraph (iii) above in relation to salaries by 30 September 2002 and 28 February 2003 for the 2002-03 financial year; and by 30 September 2003 and 27 February 2004 for the 2003-04 financial year. The amounts payable must match the percentages set out in paragraph 8 of Part II of Annex A
 - (v) the authority must ensure that each school which receives funds under paragraph (iii) above complies with the condition in paragraphs (i) and (ii) above
- (b) in respect of threshold grant the grant will be used solely for meeting the additional pay received by eligible local authority-employed teachers who are or would have been paid on the pay scale for post-threshold teachers over and above the sums to which they are or would have been paid on the main pay scale for teachers, in each case as set out in the Pay and Conditions Document applicable to the period in question (as though the teachers in question were covered by the Pay and Conditions Document) and associated pension and national insurance contributions.

Information to schools

2 Each local authority must give details of the payments made and other expenditure which has been defrayed by that grant

- (a) in respect of PPP grant to the governing body of each community, foundation or voluntary school or each community or foundation special school which they maintain, and

- (b) in respect of threshold grant, to the Director of Social Services in respect of each children's home which they maintain, including community homes with education, secure units and other establishments for children maintained by local authorities in the exercise of a Social Services function.

Overpayments

- 3 Any overpayment of grant must be repaid by an authority to the Secretary of State.

Submission of threshold grant claims

- 4 Each authority is required to return threshold claim forms by the dates specified in Part II of Annex B relating to the calculation of the grant and timing of payments. In the event that an authority has not submitted a claim on time, the payment of grant instalments will be withheld until such time as the claims have been received by the DfES from the authority.

Audited Statement

- 5 By 30 September following the end of each financial year in which grant monies are payable, the Chief Finance Officer of each authority which received grant monies shall certify an audit form completed by the authority, and submit it duly certified by him, to an auditor appointed by the Audit Commission. The audit form must confirm that the authority has used the grant solely for the purposes specified in this report, and that the conditions set out in this Annex have been met. The auditor shall send the audit form, certified by him, directly to the Secretary of State, to be received no later than 31 December following the end of each financial year in which grant monies are payable.

- 6 In addition to the full audit requirements above, local authorities are required to report to the DfES by the 30 April following the end of each financial year, the amount of grant that schools and local authorities have carried forward from the previous financial year.

Further Information

- 7 Each authority shall provide such further information as may be required by the Secretary of State for the purpose of determining whether they have complied with the conditions set out in this Annex.

Other Conditions

- 8 If the Secretary of State is satisfied, having regard to any report or information he has received from a local authority and any other information available to him, that the authority has failed to comply with any of the conditions set out in this Annex, he may require the repayment of the whole or any part of the grant monies paid to that authority, as may be determined by the Secretary of State and notified in writing to that authority. Such sum as has been notified shall immediately become repayable to the Secretary of State.