

Dudley Metropolitan Borough Council

Select Committee on Lifelong Learning – 15 March 2005

Report of the Director of Education and Lifelong Learning

DfES Consultation on Three-Year Budgets for Schools

Purpose

1. The purpose of this report is to inform Select Committee of the DfES consultation on three-year budgets for schools.

Background

2. The government's Five Year Strategy for Children and Learners published in July 2004 included proposals for new school funding arrangements to be introduced from April 2006. The strategy proposed:
 - a new ring-fenced grant for school funding from DfES to local authorities replacing the current funding of schools through the wider local government funding system;
 - three year budgets for all schools, geared to pupil numbers and aligned to the academic year, with guaranteed minimum increases each year for all schools;
 - a new single standards grant, simplifying current standards-related funding streams.
3. A summary of the proposals is attached as Appendix 1 to this report. The detailed proposals are set out in the main consultation document which can be downloaded from www.dfes.gov.uk/consultations/ or printed copies of the full document, summary and response form can be requested by e-mail from SchoolFunding.Consultation@dfes.gsi.gov.uk
4. The consultation will end on 13 May 2005. The Schools Forum will be requested to respond directly to the DfES or, alternatively, to make any observations for inclusion within a Dudley response.

Finance

5. The DfES Five Year Strategy commits the government to introducing a new ring-fenced grant for schools from DfES to each local authority. This new grant will be called the 'Dedicated Schools Grant' (DSG) and will cover the same provision as the existing Schools Formula Spending Shares (SFSS). The formula for allocation will be largely unchanged. However, the DSG will be provided as a separate ring-fenced grant outside of the main Council revenue budget. Local authorities will be required to allocate the DSG in full to their Schools Budget, and they will be able to add to it from local resources if they wish (though they will not be expected to do so). The introduction of the DSG as a ring-fenced grant will mean that the passporting process and reserve power will no longer be required.
6. The DSG will be different from local authorities' current principal sources of funding for schools. As a ring-fenced grant it will be subject to conditions, but these are intended to be minimal.
7. The DfES expects to announce the size of the Dedicated Schools Grant for 2006/07 and 2007/08 during the course of 2005.
8. Transitional funding arrangements will apply so that schools in those authorities that have historically spent above Schools FSS are not disadvantaged. An authority which has historically spent significantly above Schools FSS (such as Dudley) would receive a floor, or minimum, increase. Conversely, an authority which has historically spent significantly below Schools FSS would receive a maximum, or ceiling.

Law

9. The main provisions relating to the funding of schools is contained in Chapter IV (sections 45-53) of the School Standards and Framework Act 1998.

Equal Opportunities Policy

10. There are no equal opportunities implications in this report.

Recommendation

11. That the Select Committee notes the DfES consultation on three year budgets. Any observations will be included in a Dudley response to the DfES.



John Freeman
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Background Papers

Building Schools for the Future. Local authority education vision – policy guidelines for wave 2. November 2004. DfES/Partnership for Schools