

## Dudley Metropolitan Borough Council

### The Cabinet - 15 December 2004

#### Joint Report of the Director of Education and Lifelong Learning and the Director of Finance

#### School Budgets 2005/06

##### Purpose

1. The purpose of the report is to determine the intention of the Cabinet with respect to school budgets for 2005/06 in order to allow the statutory return to be made to the Secretary of State for Education and Skills by 31 December 2004.

##### Background

2. Under s.45A of the School Standards and Framework Act 1998 (as amended by the Education Act 2002 and the Local Government Act 2003) ('the SSFA') every local education authority is required to notify the Secretary of State by 31 December each year of its proposed schools budget for the following financial year. The format of the notification is set by the DfES.
3. Under s.45B of the SSFA the Secretary of State has power to set a minimum schools budget. He has indicated that this minimum level will be calculated by adding to the 2004/05 schools budget the increase in the Schools FSS for 2005/06. There are a number of technical adjustments to the figures but these are relatively insignificant. The basis for the calculation is set out in correspondence from the DfES. This process is referred to as 'passporting'.
4. If a statutory notification shows that a local education authority is not intending to 'passport' then the Secretary of State has 14 days to issue notice of his intent to impose a minimum schools budget on the authority, and the level of that minimum schools budget. The authority then has a further 14 days to appeal after which the Secretary of State may agree a schools budget with the authority, or can, by Order, set the minimum schools budget.
5. For the 2004/05 financial year, the Executive resolved its intention to 'passport' at its meeting of 12 December and the Director of Education

and Lifelong Learning completed and sent the statutory notification immediately thereafter.

6. For the 2005/06 financial year, the local government finance settlement has been delayed. Nevertheless there is a statutory requirement to notify the Secretary of State by 31 December of our proposed schools budget for 2005/06.
7. The DfES has written to confirm that this statutory requirement will not be relaxed and also that the Secretary of State expects all authorities to 'passport' in full.
8. Our advice is that the Secretary of State is very unlikely not to enforce full 'passporting' in the light of the national disputes over school funding last year.
9. For 2006/07 onwards the government has indicated its intention to change the whole basis of school funding, removing these budgets from local authority control, and allocating three year budgets on an academic year basis. An Education Bill to give effect to these provisions was announced in the Queen's Speech.

#### School Budgets for 2005/06

10. The Council has not yet determined its budget for 2005/06 and indeed the local government finance settlement will still be in draft on 31 December.
11. The Provisional RSG Settlement provides for an increase in Education Funding on Formula Spending Share of 7.5%. The FSS sum "passported" to schools would be £11.407m in 2005/06 (subject to final settlement). Taking into account other required adjustments by the Government, this would result in a schools budget consistent with passing on the increase in schools funding of £170.503m.
12. Nevertheless, the Cabinet has to determine its intention at this meeting in order that the statutory return can be made to the Secretary of State.
13. Subject to decisions of the Cabinet, the Director of Education and Lifelong Learning will confirm the intention of the Council with respect to school budgets for 2005/06 in the required format, accompanied by a letter making it clear that the Council has not yet determined its budget, and that the local government finance settlement is still draft.

14. After this meeting of the Cabinet, the Director of Education and Lifelong Learning will inform the Schools Forum, and schools more generally, of the intention of the Cabinet.

#### Finance

15. This report is concerned with the Council budget for 2005/06

#### Law

16. This report is concerned with requirement of the School Standards and Framework Act 1998 as amended by the Education Act 2002.

#### Equal Opportunities Policy

17. This report complies with the Council's equal opportunities policies.

#### Recommendations

18. It is recommended that the Cabinet authorise the Director of Education and Lifelong Learning to inform the Secretary of State of the Cabinet's intentions on school budgets for 2005/06 according to paragraph 11.
19. It is recommended that the Cabinet determine its intention on school budgets for 2005/06 which will form part of the overall budget proposal to Council.



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#### Background documents

Letters from the DfES to the Director of Education and Lifelong Learning of 21 October and 25 November 2004