

EXPLANATORY MEMORANDUM TO
THE EDUCATION (BUDGET STATEMENTS) (ENGLAND) REGULATIONS 2007

2007 No. 356

1. This explanatory memorandum has been prepared by the Department for Education and Skills and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments and the House of Lords Merits Committee.

2. **Description**

- 2.1 Section 52 of the School Standards and Framework Act 1998 imposes an obligation upon Local Education Authorities (LEAs) to prepare budget statements before the beginning of each financial year which set out information relating to their planned expenditure for that year. Copies of budget statements must be sent to the governing body and head teacher of each school maintained by the LEA.

- 2.2 The Education (Budget Statements) (England) Regulations 2006 prescribed the form of the Budget Statement for two financial years - 2006/7 and 2007/8, and the manner of its publication. These Regulations prescribe the form and content of a second, and more detailed, budget statement for the financial year 2007/8.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

- 3.1 None.

4. **Legislative Background**

- 4.1 The Education (Budget Statements) (England) Regulations 2007 are made under section 52(1), (1A), (3) and (4) and section 138(7) of the Schools Standards and Framework Act (SSFA) 1998 as amended by the Education Act 2005. The provisions in these regulations cover the collection of actual planned figures in place of estimated planned figures already provided for the financial year 2007-08. Also to be collected is financial information relating to:

- Table 1: School Standards Grant (Personalisation)
- Table 1: School Standards Grant (Personalisation): Pupil Referral Units
- Table 1: Devolved School Meals Grant: Pupil Referral Units
- Table 1: the LEA Budget
- CEL Annex and Calculator
- Youth Service Annex

- 4.2 Regulatory provisions directly affecting the content of section 52 Budget statements are also made in the School Finance (Amendment) (England) Regulations 2006.

5. Extent

5.1 This instrument applies to England.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 The parent Act sets out the budgetary framework for schools maintained by local authorities. The policy objective in making these regulations is to ensure that LEAs provide particular information to maintained schools, the Secretary of State and the public about their planned expenditure for the 2007-08 financial year.

7.2 The Department provides electronic workbooks containing linked tables and pre-populated cells so that the data collection burden is reduced on LAs as far as possible. The tables making up the electronic workbooks set out in detail the information required.

7.3 The provisions implemented by these regulations reflect the provisions made in the School Finance (Amendment) (England) Regulations 2006 which support the Government's policy of providing schools with more certain and predictable budgets.

7.4 The main change for these regulations is the collection of actual planned figures in place of the estimated planned figures for the period prescribed. This information is needed to enable the Department to monitor the payment to LEAs and their spending of the Dedicated Schools Grant. The Grant is a ring-fenced grant paid on condition that it be applied as part of an LEA's schools budget as defined in the School Finance (England) Regulations 2006¹. It cannot be used other than on the classes and descriptions of expenditure prescribed for the purposes of section 45A(2) of the School Standards and Framework Act 1998. These regulations will be the main vehicle for monitoring the proposed spend by Local Authorities.

7.5 Budget statements are also intended to be the means of informing schools and the public in general about the funding plans of the local authority in respect of school funding and LEA services. The statements provide a consistent format across the country so that schools and other interested parties can make comparisons. The information from the statements will also be used for setting budgets for Academies. The information provided in the statements will provide a clear picture of the authority's planned spending, in particular:

- how much of the overall education budget the LEA intends to spend on items outside the schools budget;
- how much the LEA is proposing to retain centrally within the schools budget for school and pupil services;

¹ 2006/468.

- how an LEA's formula for delegation of schools' budget shares is operating.

7.6 The consultation with LEAs and other partners, including relevant local government associations, on the proposed changes to the regulations took place between 3rd November and 15th December 2006. Consultation was on the tables and accompanying non statutory guidance.

7.7 Five LEAs responded to the consultation. Those respondents were asking for further clarification to be made to the non statutory guidance which accompanies the electronic tables.

8. Impact

8.1 A detailed impact assessment was undertaken in 2005.

9. Contact

Cheryl Bailey at the Department for Education and Skills, Telephone number 020 7925 5793 or e-mail: cheryl.bailey@dfes.gsi.gov.uk can answer any queries regarding the instrument.