

**EXPLANATORY MEMORANDUM TO
THE EDUCATION (BUDGET STATEMENTS) (ENGLAND) (AMENDMENT)
REGULATIONS 2009**

2009 No. 444

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

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. **Purpose of the instrument**

2.1 Is to set out the policy behind the Department's collection of information from Local Authorities relating to their planned and actual budgets for their education and children's services functions.

3. **Matters of special interest to the [Joint Committee on Statutory Instruments *or* the Select Committee on Statutory Instruments]**

3.1 None.

4. **Legislative Context**

4.1 Section 52 of the School Standards and Framework Act 1998 ("the 1998 Act") 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.

4.2 The Education (Budget Statements) (England) Regulations 2008 are made under section 52(1), (1A), (3) and (4) and section 138(7) of the 1998 Act, as amended by the Education Act 2005. The provisions in these amending regulations make the following changes to the prescribed collection of financial information:

- The entries in section 3 of Table 1 - Local Authority information in Schedules 2 and 3 are revised to include a new subsection called "Services to young people". Included in this subsection are three new entries and one renamed entry:
 - 3.0.1 Positive activities for young people
 - 3.0.2 Positive activities controlled or shaped by young people
 - 3.0.3 Positive activities for young people on Friday and Saturday nights
 - 3.0.4 Youth work (formerly Youth service)

The remaining entries in section 3 are renumbered.

(Very clear guidance will be offered by the Department to local authorities on how this revised section should be completed.)

- The data collection has been slightly reduced with the omission of the Youth Service Annex to these Tables.
- There are also a number of minor amendments to the Tables in Schedules 2 and 3 which tighten up the information to be collected. These are:
 - the substitution of the single column with two columns in the Early Years Expenditure Annex to Table 1 under the revised heading of “Method of counting children and funding the free entitlement” The two columns are now headed respectively (a) Counting and (b) Funding. This is in order to obtain more specific information about the method of counting children and funding the free entitlement by LAs.
 - the omission of the section headed “Pre-School Pupil-led Funding (Nursery classes 3 and 4 year olds)” in Tables 3a and 4. This is because the information is already collected elsewhere in the Tables.

4.3 These amendments gave rise to the need to introduce a new definition for “positive activities” and replace the definition of “youth service” with “youth work” in regulation 2 (interpretation).

5. Territorial Extent and Application

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 1998 Act sets out the budgetary framework for schools maintained by LAs. The Budget Statements (England) Regulations 2008 made under the Act support the Government’s policy of providing schools with more certain and predictable budgets. The main policy objective in making these Regulations is to amend the 2008 Regulations in order to require LAs to provide specific additional information to maintained schools, the Secretary of State and the public about their planned expenditure for the 2009-10 and 2010-11 financial years.

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

7.3 Budget statements are also intended to be the means of informing schools and the public in general about the funding plans of the LA in respect of school funding and other education services. The statements provide a consistent format across all 152 local authorities in England 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 LA intends to spend on items outside the schools budget;
- how much the LA is proposing to retain centrally within the schools budget for school and pupil services;
- how an LA's formula for delegation of schools' budget shares is operating.

7.4 The Education (Budget Statements) (England) Regulations 2008 prescribed the form of the Budget Statement for three financial years - 2008-09, 2009-10, and 2010-11 and the manner of its publication. These amending Regulations make changes to the prescribed form and content of a second, and more detailed, budget statement for the financial year 2009-10. The same changes are made to the prescribed form and content of a third budget statement for 2010-11.

8. Consultation outcome

8.1 The Department's consultation on the minor changes to be made elicited eleven LA responses. The main thrust of those LAs who responded was to request further guidance on data requirements which has been included in the hard copy guidance provided to LAs. A number of LAs welcomed the minimal changes and the further tightening up of guidance.

8.2 As in previous consultations, there were a number of concerns expressed about the completion of the multi-year workbooks by 31st March. It is not possible to relax this deadline at present as Section 52(1) of the School Standards and Framework Act 1998 says that a budget statement must be prepared before the beginning of the prescribed period. A clause in the Apprenticeships, Skills, Children and Learning Bill is intended to simplify the collection of financial data covering education and children's services functions. The information is currently collected under two separate legal powers but this clause will enable the Department to collect both sets of information under one power. The clause will also enable the combined publication of both sets of information locally by LAs and allow the Department to consider relaxing the deadline for the later years of a multi-year data collection. Details have yet to be worked out.

9. Guidance

9.1 The Department provides detailed guidance to local authorities on how to complete the electronic workbooks. The guidance is updated annually to reflect changes made to the data collection. Local authorities are consulted on how the guidance should be amended. Electronic copies of the guidance are sent to local authority finance contacts. Copies of the updated guidance are also placed on the s52 website which contains information from previous data collections.

10. Impact

10.1 A detailed impact assessment was undertaken in 2005.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 The DCSF undertakes an extensive review and consultation annually and makes amendments in the light of changes to the wider funding policy framework.

13. Contact

Cheryl Bailey at the Department for Children Schools and Families, Telephone number 020 7925 5793 or email: cheryl.bailey@dcf.gov.uk can answer any queries regarding the instrument.