

**EXPLANATORY MEMORANDUM TO
THE EDUCATION (BUDGET STATEMENTS) (ENGLAND) REGULATIONS 2006**

2006 No. 511

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. The Education (Budget Statements) (England) Regulations 2006 prescribe the form of the statement and the manner of its publication. These regulations impose a requirement upon LEAs to supply a copy of their budget statement to the Secretary of State.

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 2006 are made under section 52(1), (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 financial data for more than one year. However, the Department will need another set of budget regulations next year to enable the collection of a full set of financial data for the 2007-08 funding period.

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 forthcoming financial year. The schedules to the regulations comprise tables which set out in detail the information required. Because this changes from year to year, the regulations are made annually.

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

7.3 The main change for these regulations is the collection of financial data for the two funding periods as introduced by the 2005 Act: 'funding period 1' covers the financial year beginning on 1st April 2006 while 'funding period 2' covers the financial year beginning on 1st April 2007. The information is needed to enable the Department to monitor the payment and expenditure of the Dedicated Schools Grant. The Grant will be paid as a ring-fenced grant and must be used in support of the Schools Budget as defined in the School Finance (England) Regulations 2006. It can be used for no other purpose. These regulations will be the main vehicle for monitoring the proposed spend by Local Authorities. A separate outturn statement will be required at the end of the financial year.

7.4 The statements are also intended to be the means of informing schools, Schools Forum 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, Schools Forums 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;
- how the formula is working to produce budget shares in the LEA's area.

7.5 The consultation with LEAs, and other partners including relevant local government associations on the proposed changes to the regulations was split into three parts. An informal consultation on the changes to the tables was undertaken in September 2005. This was followed by a series of three workshops (9 and 17 November, 8 December 2005). The formal consultation on the tables and accompanying guidance took place during 25 November 2005 to 6 January 2006.

7.6 Thirty seven LEAs responded to the formal consultation. Those who responded welcomed the minimal changes that were proposed to the tables. Some concern was expressed about completing the second workbook by the statutory 31st March but with the provision of linked workbooks and pre-populated cells the data collection burden has been reduced.

8. Impact

8.1 A copy of the submission to the Department's Star Chamber is attached. Also attached is a copy of the Initial Public Sector Regulatory Impact Assessment: Local Authorities. Formal approval was received to both.

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.