

EXPLANATORY MEMORANDUM TO
THE EDUCATION (BUDGET STATEMENTS) (ENGLAND) REGULATIONS 2008

2008 No. 377

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 and the House of Lords Merits Committee.

2. **Description**

2.1 Section 52 of the School Standards and Framework Act 1998 (SSFA) imposes an obligation upon Local Authorities (LAs) to prepare budget statements before the beginning of each financial year which set out information relating to their planned expenditure for the period prescribed in Regulations. The Education (Budget Statements) (England) Regulations 2008 prescribe the form of and content of three budget statements covering funding periods 2008-9 (funding period 1), 2009-10 (funding period 2) and 2010-11 (funding period 3). The Regulations also prescribe the manner of publication of the statements. There is a requirement upon LAs to supply copies of budget statements to the Secretary of State and to schools and to publish them locally. The first budget statement must be prepared and published before 1st April 2008; the second before 1st April 2009; and the third before 1st April 2010.

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 2008 are made under section 52(1), (1A), (3) and (4) and section 138(7) of the SSFA as amended by the Education Act 2005. The provisions in these regulations cover the collection of financial data from LAs relating to planned expenditure for funding periods 1, 2 and 3. The first budget statement will contain details of actual planned expenditure from the LEA and schools budget for funding period 1 and estimated planned expenditure from the school's budget for funding periods 2 and 3; the second budget statement will contain details of actual planned expenditure from the LEA and schools budget for funding period 2 and updated estimates of planned expenditure from the schools budget for funding period 3; the third budget statement will contain details of actual planned expenditure from the LEA and schools budgets for funding period 3.

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 SSFA sets out the budgetary framework for schools maintained by LAs. The policy objective in making these regulations is to ensure that LAs prepare and publish statements containing specified information about their planned expenditure. This information is made available to maintained schools, the Secretary of State and the public. The schedules to the regulations comprise tables which set out the information required.

7.2 The section 52 data collection is an annual statutory collection run by the Department and includes all 150 Local Authorities. Electronic workbooks containing the tables set out in the Schedules to these Regulations are sent by the Department to LAs. No maintained school is asked to complete the section 52 return.

7.3 The changes to be made to the data collection and implemented by these Regulations reflect changes made to the School Finance (England) Regulations 2008. In particular, with the three year funding settlement in mind, the 2008 data collection will gather data for a three year funding period which will be updated for each financial year, substituting figures for actual planned expenditure in place of estimates where relevant.

7.4 As already indicated above the main change for the section 52 regulations is the collection of financial data for three funding periods (as opposed to two, as previously). The information is needed to enable the Department to monitor the use by LAs of the Dedicated Schools Grant (DSG). The Grant is paid as a ring-fenced grant and must be used in support of the Schools Budget as defined in the School Finance (England) Regulations 2008. The DSG can be used for no other purpose. These regulations will be the main vehicle for monitoring the proposed spend by LAs. The Department, for the first time, will be collecting data from LAs relating to its planned expenditure on free entitlement. In respect of early education for 3 and 4 year olds, the aim of this new element of the data collection is to enable the Department to monitor how the free entitlement for funding is allocated and distributed across sectors locally. . The evidence from this will be used to inform the success of the extension of the free entitlement

A separate outturn statement will be required at the end of each funding period which will show how LAs have actually spent their allocation of DSG and other funds.

7.5 Budget statements are also an important means of informing schools, Schools Forums and the public in general about the funding plans of the local authority in respect of school and LA services. The statements provide a consistent format across the country so that meaningful comparisons can be made between authorities, 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 the LA's formula works to produce budget shares in the LA's area.

7.6 The DCSF undertook a seven week consultation with LAs, the Department for Communities and Local Government, the Office of National Statistics, and the Chartered Institute of Public Finance and Accountancy (the leading accountancy body for the public services) which ran from 23 November 2007 to 11 January 2008. The consultation was about collection of data relating to expenditure on education, schools and children's services, and included details of proposed changes to the tables in the Budget Statement Regulations.

7.7 Twenty responses were received to the education elements of the data collection. The main area of concern expressed was about the requirement to complete three electronic workbooks by the statutory deadline of 31st March. Taking into account these concerns, the Department has compromised on the amount of data to be collected in the second and third workbooks in 2008. Only information relating to the Schools Budget and the more detailed school level data will now be collected for funding periods 2 and 3. Technical work by the Department's officials means that LAs will be provided with linked and pre-populated cells with the functionality that prepopulated data can be amended by LAs overwriting where they wish to amend data. This is an established and well tried procedure which has been part of the section 52 data collection for the past five years, and should aid the swift completion of the tables.

7.8 The guidance for 2008-11 data collection formed part of the consultation package to LAs. In the main, LA comments were about clarification of guidance on the completion of the electronic tables to be provided by the Department. As a result of the concerns raised, further work has been undertaken by officials to strengthen the whole of the guidance document. Of particular concern by some LAs was the Department's proposal to subdivide Additional Educational Need funding data. The points raised were carefully reviewed and it was concluded that meaningful results would not be obtained as a result of overcomplicating this part of the data collection. The Department has therefore simplified this part of the data collection.

7.9 The long established practice of issuing detailed guidance on how to complete the section 52 tables will continue. There is also a team of officials who, as part of their work on the data collection, answer follow-up questions from LAs.

8. Impact

8.1 This is not a new data collection and has no impact on business, charities or voluntary bodies.

8.2 So far as LAs are concerned, the collection prescribed in these regulations replaces a similar collection which has been undertaken in previous years. As

indicated above, the Department has sought to minimise work for LAs through the design of the workbooks and guidance.

9. Contact

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