

THE EXECUTIVE

2 DECEMBER 2003

REPORT OF THE DIRECTOR OF FINANCE

LEA EXPENDITURE FROM THE SCHOOLS BLOCK OF THE EDUCATION FORMULA SPENDING SHARE 2004/2005		FOR DECISION
<p><u>Summary</u></p> <p>The Department of Education and Skills (DFES) propose to restrict the increase in the LEA element of the Schools Block 2004/05 to that of the percentage increase in the Individual Schools Budget (ISB). Authorities wishing to apply for exemption from this restriction must make their case to DfES by 8 December 2003.</p> <p><u>Recommendation / Reason</u></p> <p>The Executive is asked to agree to delegate to the Director of Education, Arts and Libraries and the Director of Finance, in consultation with the Leader of the Council, permission to seek exemption by the DfES from this restriction if necessary.</p>		
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1. Background

- 1.1 The Education Formula Spending Share (EFSS) calculated by the DfES for each Authority is sub-divided into the LEA Block (around 12%) and the Schools Block (88%). The Schools Block is made up, predominantly, of the total Individual Schools Budget (ISB) allocated through the Authority's Funding Formula and an element controlled by the LEA to provide services specifically for pupils.
- 1.2 The DfES school funding proposals for 2004/05 contain a minimum guarantee to schools, which requires LEAs to ensure that the ISB increases by at least 4% in real terms. The DfES have also indicated that the LEA element of the Schools Block cannot increase by more than the percentage increase in the ISB.
- 1.3 The restriction is a serious concern for many LEAs. Expenditure within this area, such as Special Educational Needs and provision for pupils out of school, is demand led and is subject to significant budget pressure. Within the overall constraint of the Schools Block, LEAs need to be able to set this budget at a level that will reflect their local circumstances taking account of such issues as the substantial increase in non-maintained school fees and the requirement to provide 25 hours per week for pupils out of school.

1.4 The DfES have indicated that LEAs can seek exemption from this restriction provided they make their case to the DfES by 8 December 2003. At this stage in the budget process the officers are still to establish if such an exemption is required.

2. Recommendation

In order to ensure we are able to apply for such an exemption it is recommended that the Director of Education, Arts and Libraries and Director of Finance in consultation with the Leader be given delegated authority to make such an application.

Background Papers

None