

THE EXECUTIVE

21 DECEMBER 2004

REPORT OF THE DIRECTOR OF FINANCE

PASSPORTING OF SCHOOLS FSS INCREASE AND TAKE UP OF THE STANDARDS FUND GRANT ALLOCATION 2005/2006 AND NEW REGIME FOR 2006/07		FOR DECISION
<u>Summary</u> Authorities are required to confirm to the DfES whether they intend to passport the full amount specified by the DfES to the Schools Block for 2005/06, and their intended take up of the 2005/06 Standards Fund grant allocations by 31 st December 2004.		
<u>Recommendation</u> The Executive is asked to: <ol style="list-style-type: none">1. Agree to the Director of Education, Arts and Libraries informing the DfES that the Authority intends to passport the required increase in schools' Formula Spending Share (funding) of £6.36m in full to the Schools Block, and the intended take up of the Standards Fund grant allocations for 2005/06.2. Note the charges expected for Education funding for 2006/07 onwards.		
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1. Education Formula Spending Share (EFSS)

- 1.1 The provisional EFSS allocation for 2005/06 is £122.05m and is made up of the following elements:-
- The Schools Block (SFSS) which covers the Individual (i.e. delegated) Schools Budget (ISB) and other services providing direct support for pupils such as Special Education Needs and provision for pupils out of school which are controlled by the LEA.
 - The LEA Block which covers the remaining areas of education spending.
- 1.2 The Authority's provisional 2005/06 FSS for the schools block in isolation is £108.27m which represents an effective increase of £6.36m compared with 2004/05. The Secretary of State for Education and Skills has written to Directors of

Education indicating that he expects all LEAs to passport their full increase in schools FSS into the schools budget. Where LEAs fail to do so, the Secretary of State has indicated that he will use his powers under the Education Act 2002 to set a minimum schools budget for that LEA unless it can be demonstrated that there are exceptional circumstances.

- 1.3 Based on the DfES formula, the minimum schools budget required to passport in full from the total SFSS, as defined on the DfES Section 52 Budget Statement 2005/06 is £109.17m. This is subject to any changes in the Authority's 2004/05 baseline budget which may subsequently be made by the Council with the agreement of the DfES. In addition to this, DfES also include within their passporting calculation the ring fenced grants for Excellence in Cities (£2.86m) and Threshold and Performance Pay (£4.71m) which have to be allocated to schools in full. The total provisional schools budget requirement to achieve full passporting including these two grants is therefore currently estimated to be £116.74m.

2. Standards Fund Grant Allocations 2005/2006

- 2.1 Currently the DfES has notified the Authority of grant allocations amounting to £13.329m, most of which has to be devolved to schools.
- 2.2 The majority of these grants are fully funded by the DfES, however there are a number that require an LEA contribution to allow them to be taken up. In order to take up these grants in full, the contribution would be £2.97m which is an increase of £367k or 14% over the current year's contribution. Given the pressures on the Education budget it is not clear, at the moment, whether it will be possible to take up the full allocation and the Director of Education, Arts and Libraries will confirm the position at the meeting.
- 2.3 There are still a few large grants to be announced by the DfES, which are expected to be 100% funded.

3. New Schools Funding Regime from 2006/07

- 3.1 On 1 December the government published its new Education Bill which proposes a number of changes to the existing schools funding regime from 2006/07. From April 2006 schools funding will be provided to LEAs via a ring fenced grant rather than via the schools formula spending share. Local authorities will therefore lose their existing powers to set the aggregate level of their schools budget although they will be permitted to top up the DfES's ring fenced grant from Council tax and their residual revenue support grant for other services.
- 3.2 The financial implications of these changes for the Council's overall funding position will be assessed next year once the government has published more details about the operation of the new system.

Background Papers

DfES correspondence

FSS Information and Analysis