

LONDON BOROUGH OF BRENT
MEETING OF THE EXECUTIVE - 8TH DECEMBER 2003
REPORT FROM THE DIRECTOR OF FINANCE

2004/2005 SCHOOLS' BUDGET

1. SUMMARY

- 1.1 This report sets out provisional proposals for the 2004/05 Schools' Budget following various statements by the Secretary of State for Education and Skills.
- 1.2 The Schools Forum will comment on the Schools' Budget on 3rd December. The report to the Forum is attached at Appendix 1.
- 1.3 This report to the Executive proposes a provisional Schools' Budget which meets the passporting requirements. The report also seeks agreement for an application to be made to the Secretary of State to allow a higher limit for the non-devolved schools' block increase compared with the devolved schools' block.

2. RECOMMENDATIONS

That the Executive:

- 2.1 Note the report to the Schools Forum attached at Appendix 1.
- 2.2 Agree the provisional Schools' Budget at the passporting level of £132.515m.
- 2.3 Agree that the authority apply to the Secretary of State for Education and Skills to allow a higher limit for the increase in the non-devolved schools block compared with the devolved schools' block.

3. FINANCIAL IMPLICATIONS

- 3.1 A number of the implications and details are set out in Appendix 1.
- 3.2 In the Provisional Local Government Finance Settlement Brent received an increase of 5.8% in its grant, after adjustments, on the equivalent figure for 2003/04. In cash terms, this equates to £14.4m. £8.019m of this cash increase is required to meet the passporting figure specified by the Secretary of State. This represents the increase in the Schools' Block Formula Spending Share (SFSS) and in relevant specific formula grant compared with the adjusted 2003/2004 figure.

- 3.3 The Schools' Budget will therefore need to be £132.515m, an increase of 6.4% on the adjusted 2003/04 figure to meet the passporting requirement. Within this the Individual Schools Budget (Devolved block) increases by 5.5% significantly above the 4% per pupil minimum.

4. STAFFING IMPLICATIONS

- 4.1 There are no direct staffing implications arising from the report but the level of budgets may well ultimately have staffing consequences.

5. LEGAL IMPLICATIONS

- 5.1 Section 45A of the Schools Standard and Framework Act 1998 requires the Council to determine the proposed amount of its schools budget and to give notice of its determination to the Secretary of State before a specified deadline in any financial year. This deadline was January in 2003/04 but was changed to December for 2004/05. It is not expected that an authority will have taken final decisions on their budget by 31st December. Failure to notify a proposed budget may result in the Secretary of State setting a minimum level of budget for an authority. Similarly he can give a notice determining a minimum Schools' Budget if he believes the authority proposal is too low. This will be done by 14th January and the authority has 14 days in which to respond.

6. DETAIL

- 6.1 Comments from the School Forum meeting will be reported at the Executive meeting.
- 6.2 The Schools' Budget is split between devolved and non-devolved elements. The provisional non-devolved Schools' Block budget for 2004/05 includes new growth of £1.7m for out-borough SEN placements and other new growth amounting to £344k (see Appendix 1 paragraph 3.4). Consequently, the proposed non-devolved Schools' Block budget increases by a greater percentage than the proposed devolved Schools' Block budget. It is not currently clear how much the amount or the percentage is higher until further guidance is issued. However, an application is required seeking authorisation from the Secretary of State. Support from the Schools Forum for the application will assist the Council in getting a positive decision. Members are asked to agree that dispensation be sought.
- 6.3 If the Secretary of State does not agree the application the Council may be required to increase the devolved Schools' Budget provisionally proposed in this report. The exact amount is still unclear, as the DfES has still to issue further guidance, but it likely to be at a similar level for that which the dispensation is sought.

- 6.4 Although notification of the proposed Schools' Budget must be made by 31st December, authorities that intend to fully passport the increase in the SFSS have until 13th February 2004 to apply for dispensation. This is required should they propose to increase their non-devolved Schools' Block budget by a greater percentage than the percentage increase in the devolved Schools' Block. It is proposed to submit Brent's application immediately, to receive an early decision from the Secretary of State for Education and Skills in order to take account of this fully in the budget process.
- 6.5 The provisional Schools' budget is based on September 2003 pupil numbers. The budget cannot be finalised until January 2004 pupil numbers are confirmed in early February 2004. The final EAL budget for 2004/05 will be set by Full Council at the Council Tax setting meeting on 1st March 2004.

7. BACKGROUND INFORMATION

1. 2004/05 provisional settlement data.
2. Budget Working Papers.
3. Letter and Statements (October and November 2003) from Secretary of State for Education and Skills regarding Schools' budgets and the passporting requirement.

Any person wishing to inspect these documents should contact Democratic Services, Room 106, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel. 020 8937 1353.

STEPHEN HUGHES
Director of Finance

Contributor
AMAR BAROT
BFS – Financial Analyst