

Item No.	Classification OPEN	Committee: Education, Youth and Leisure Scrutiny	Date 3rd Sept 2003
From	Title of Report		
STRATEGIC DIRECTOR OF EDUCATION & CULTURE	Timetable for consultation - Education Budget 2004-5		

1 Purpose

- 1.1 To advise the Education Scrutiny Committee of the timetable for consultation of the Education budget following the announcement that the settlement for funding of education services and schools by the Secretary of State for Education and Skills has been brought forward to early November 2003.

2 Recommendations

- 2.1 That the Education Scrutiny Committee agrees the best time to review the education settlement and the Council's proposed education budget for the Council in the light of the DfES announcement in November 2003.

3. Background Information

- 3.1 The Secretary of State on 17th July 2003 announced that in order to restore stability and confidence to the school funding system it would implement a more secure funding framework for the next two years for schools and education services. The government stated that it was determined that having provided the additional resources to education it would ensure that every school would benefit in the way intended. Consequently, he has agreed to bring forward the announcement of the education finance settlement to early November 2003 ahead of the main RSG announcement in late November to give schools and councils an earlier indication to support better forward financial planning. Overall, the government's specific aims are to address the following problems faced by schools and Councils in the funding of education services in 2003-4:-

- Differences in funding increases between local schools in similar circumstances - ensuring that next year every school, not just every LEA like this year, will be guaranteed to receive at least a minimum increase in funding per pupil.
- Schools unable to confidently plan budgets on a long-term basis - giving head teachers and governing bodies more time to plan their budgets by bringing forward the dates of: the local government settlement; the passporting deadline; announcements on Standards Fund distribution; asking the School Teachers Review Body to report earlier on teachers pay proposals and, ensuring more transparency in the system by ensuring schools are more involved in funding decisions taken on the ground
- Turbulence caused by changes to the way that specific grants were allocated; providing more stability for head teachers by reversing next year's planned cuts to the Standards Fund and inflation proofing it by providing more than £400 million in each of 2004-05 and 2005-06;

- Cost pressures on individual schools; helping schools to control cost pressures with strong evidence to the STRB to consider an inflation only pay rise of 2.5% in each year, setting out a clear strategy to enable sensible progression on performance pay and looking at how to provide more support to schools on financial planning;
- Level of spending by Local Authorities on central education budgets compared to individual school budgets - maximising the amount of money that goes to schools by ensuring that spending on central items by local authorities rises no faster than spending on the individual schools budget;
- Concerns over sustainability of workforce reform - ensuring that the reforms to the school workforce to tackle workload and raise standards are sustainable. Maintaining the Standards Fund at its current level will help to ensure that schools receive the core funding they need to make progress on this.
- In addition, the Government aims to provide extra money for local services including Children's Social Services, which are now, DfES' responsibility.

3.2 In addition, the DfES on 5th August 2003 announced that it was commencing work with a number of partner organisations (LEAs) on the development of revised funding arrangements for 2004-5 based on the announcement by the Secretary of State in July. The aim of the work with these LEAs would be to model work associated with the development of the per-pupil funding guarantee, which the Secretary of State announced in his statement. For this purpose DfES has shared information on the way the guarantee is likely to operate. Also, they suggest that all LEAs undertake some form of modelling of the guarantee for the purposes of their own planning as they predict that it will have a considerable impact on the outcome of local funding formulae.

The Council's Budget Timetable for 2004-5

3.3 The construction of the Education & Culture budget for 2004-5 is required to comply with the Council's overall budget making procedures and timetable which is based on a 3 year financial planning framework. Appendix 1 describes the overall budget-making timetable for the Council in 2004-5. Overall, the Council has been able to build on the good work achieved through last year's business and budget planning process and has agreed to enhance it in 2004-5 through:

- Achieving medium term planning which explicitly links the business plans and the budget
- Establishing a clear link between priorities and revenue & capital budgets
- Integrating business planning with the capital strategy
- Achieving a corporate framework which is consistently applied throughout the organisation
- Ensuring a joined-up approach between Corporate Strategy and FMS

As such, Chief Officers gave their commitment to this policy and resourcing strategy at their meeting on 3rd June. The strategy aims to create a 'one council', medium-term approach to policy and resourcing that is widely owned and delivered through an integrated business and (revenue & capital) budget cycle.

3.4 Departments such as Education & Culture were required to submit their departmental business plans in July to a rigorous challenge process to test the assumptions given. This challenge process represented the second stage of the policy and resourcing strategy. The

'Challenge teams' were made up of Chief and seniors officers of the Council and the relevant Executive Member and an external partner representative (e.g. Police).

- 3.5 Following on from the challenge process, the next stage of the policy and resourcing strategy will require departments to set out more detailed position regards policy and budget proposals within their business plans. Draft plans are required to be completed by mid September to inform the formal Executive meeting by early October.
- 3.6 Once the Executive has taken an agreed position in October, work will start to complete and finalise all business plans by 5th December. This will then allow the Executive to agree a budget and individual business plans by the end of December. In addition, the education & Culture Department is expected to consult with the Council's Schools Forum on the education settlement in 2004-5 and the implications for schools budgets. A meeting of the Schools Forum is expected to take place in November when the education settlement is announced and then formally in January 2004 when the Councils final education budget will be better known. The Council is legally required to formally consult with the Schools Forum on the education budget by the end of January although the consultation is not legally binding. Further, the Council will be required by DfES to indicate January 2004 whether they expect to passport increases in education funding as announced in the education settlement in November 2003.

5. Resource Implications

6. Supplementary Advice From Other Officers

Concurrent Report of the Borough Solicitor and Secretary

7. Equal Opportunities Implications

8. Consultation

Background Documents

Background Papers	Held At	Contact
DfES and DETLR Finance Guidance Circulars	Performance and Resources John Smith House	Martin McGrath (55068)

Lead Officer	Dr Roger Smith	
Report Author	Martin McGrath (Education & Culture)	
Version	Draft	
Dated		
Key Decision?	Yes/No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	Yes/No	Yes/No
Chief Finance Officer	Yes/No	Yes/No
<i>List other Officers here</i>		
Executive Member	Yes/No	Yes/No
Date final report sent to Constitutional Support Services		

Council's Budget making timetable 2003-4

Integrating the business and budget planning cycle – timeline

