

1989 No. 1287

EDUCATION, ENGLAND AND WALES

**The Education (Grant-maintained Schools) (Finance)
Regulations 1989**

<i>Made</i>	<i>27th July 1989</i>
<i>Laid before Parliament</i>	<i>28th July 1989</i>
<i>Coming into force</i>	<i>1st September 1989</i>

In exercise of the powers conferred on the Secretary of State by sections 79, 81 and 232(5) of the Education Reform Act 1988(a) the Secretary of State for Education and Science hereby makes the following Regulations:—

**PART 1
GENERAL**

Citation, Commencement, and Extent

1.—(1) These Regulations may be cited as the Education (Grant-maintained Schools) (Finance) Regulations 1989 and shall come into force on 1st September 1989.

(2) These Regulations extend to England only.

Interpretation

2.—(1) In these Regulations, except where the context otherwise requires —

“the Act” means the Education Reform Act 1988; and

“school” means a grant-maintained school (within the meaning of that Act).

(2) The expression “expenditure of a capital nature” has the meaning assigned to it by Schedule 5 to these Regulations.

(3) The following table shows provisions defining or otherwise explaining expressions used in these Regulations (other than provisions defining or explaining an expression used only in the same regulation or Schedule), references in the second column thereof to sections and regulations being, respectively, references to sections of the Act and regulations of these Regulations —

aggregated budget	section 33(4)(b)
allocation formula	section 38(2).
capital grant	section 79(3)(b).
change in the characteristics of the school	regulation 3(8)
financial year	section 235(1).
former maintaining authority	sections 74(8) and 104(1)(i) and (6).
general schools budget	section 33(4)(a).
incorporation date	section 104(3).
maintenance grant	section 79(1).
relevant expenditure	regulation 3(3).
scheme	section 51(2)(a).
school's budget share	section 51(2)(b).
special purpose grant	sections 79(3)(a).

- (4) Unless the context otherwise requires, any reference in these Regulations to —
- (a) a numbered regulation or Schedule is a reference to the regulation or Schedule in these Regulations so numbered; and
 - (b) a numbered paragraph is a reference to the paragraph so numbered in the regulation or Schedule in which the reference appears.

PART 2 GRANTS

Determination of amount of maintenance grant — transitional provisions

3.—(1) This regulation applies for the purpose of determining the amount of maintenance grant payable by the Secretary of State to the governing body of a school for a financial year other than one in respect of which the former maintaining authority are required to prepare a statement under section 42 of the Act (which provides for the publication of financial statements about schemes for the local management of schools), and is subject to regulations 5 and 6 below.

(2) The Secretary of State shall determine an amount which he is satisfied represents, in relation to the financial year ending last before the incorporation date, the amount of relevant expenditure incurred by the former maintaining authority in respect of the school.

(3) The reference in paragraph (2) above to relevant expenditure is a reference to the amount of expenditure incurred by the authority in that year in respect of the school on the heads or items specified in Schedule 1, but does not include any expenditure on the heads or items specified in Schedule 3.

(4)(a) There shall be added to the amount so determined an amount which the Secretary of State is satisfied represents the school's share, obtained by applying the formula in sub-paragraph (b) below, of the authority's planned expenditure on centrally provided services.

(b) That formula is:

$$\frac{(N \times E)}{(T)} + \frac{(M \times F)}{(P)} + \left(\frac{(N-M)}{(T-P)} \times G \right), \text{ where}$$

N is the number of registered pupils at the school;

E is the total of the authority's planned expenditure for the year at relevant schools on those heads or items described in sub-paragraph (a) above, other than planned expenditure on school meals;

T is the number of registered pupils at relevant schools;

- M is the number of registered pupils in receipt of free school meals at the school;
- P is the number of registered pupils in receipt of free school meals at relevant schools;
- F is the total of the authority's planned expenditure for the year in providing meals to pupils in receipt of free school meals at relevant schools; and
- G is the total of the authority's planned expenditure for the year on school meals other than free school meals at relevant schools and excluding expenditure to be met from any charges for such meals.

(c) In this paragraph,

“expenditure on centrally provided services” means expenditure on the heads or items specified in Schedule 2 but excludes any expenditure on the heads or items specified in Schedule 3;

“relevant schools” means all primary or all secondary schools maintained or formerly maintained by the authority required to be covered by a statement for the year under section 50 of the Act, according as to whether the school is a primary or secondary school:

“planned expenditure” means the initial amount appropriated by the authority for meeting expenditure at all relevant schools; and

“number of registered pupils” means the number of pupils on a school's register on a date to be determined by the Secretary of State;

(5) The amount determined in accordance with paragraphs (2) and (4) above may be adjusted by such amount as the Secretary of State is satisfied is fair and reasonable having regard to any increase or decrease in the actual or planned level of spending of the former maintaining authority in respect of the primary or secondary schools, as the case may be, maintained by them and any significant change in the characteristics of the school occurring (in either case) during or since the end of the financial year ending last before the incorporation date.

(6) The sum of the amounts determined in accordance with paragraphs (2) and (4) above shall, subject to any adjustment made in accordance with paragraph (5) above, be the amount of maintenance grant payable to the governing body of the school for the financial year in respect of which the determination under this regulation is made.

(7) Where there is not available to the Secretary of State (on a date determined by him and notified by him to the former maintaining authority) sufficient information as will, in his opinion, allow him accurately to determine the amounts referred to in paragraphs (2) or (4) above, or both, he may determine such amount or amounts as appears to him to be fair and reasonable having regard to any information which is available to him, and his determination shall have effect as if determined under paragraph (2) or (4), as the case may be.

(8) References in paragraph (5) above and regulation 6(1), to any change in the characteristics of the school include, in particular, references to any change in the number of registered pupils thereat.

Determination of amount of maintenance grant

4.—(1) This regulation applies for the purpose of determining the amount of maintenance grant payable by the Secretary of State to the governing body of a school for a financial year in respect of which the former maintaining authority are required to prepare a statement under section 42 of the Act, and is subject to regulations 5 and 6 below.

(2) The Secretary of State shall determine in relation to the financial year in question an amount which he is satisfied (on the information available to him on a date determined by him and notified by him to the former maintaining authority) that the former maintaining authority could have determined, by the application of their allocation formula in relation to a comparable maintained school covered by their scheme, as such a school's budget share.

(3)(a) There shall be added to the amount so determined an amount which, in relation to that year, the Secretary of State is satisfied (on the information avail-

able to him on a date determined by him) represents the school's share of the amount set out in sub-paragraph (b) below determined by the application of the per capita formula, that is to say the proportion which the number of registered pupils at a comparable maintained primary or secondary school as the case may be bears to the number of registered pupils at all primary or secondary maintained schools required to be covered by the authority's scheme as the case may be.

- (b) The amount referred to in sub-paragraph (a) is that amount remaining after deducting from the authority's general schools budget for the year —
- (i) their aggregated budget for that year; and
 - (ii) the authority's expenditure on those heads or items specified in Schedule 3 (except to the extent that such expenditure falls within their aggregated budget).

(4) The sum of the amounts determined in accordance with paragraphs (2) and (3) above shall be the amount of maintenance grant payable in respect of the school for the financial year in respect of which the determination under this regulation is made.

(5) Subject to paragraph (6) below, references in this regulation to a maintained school are references to a school maintained by the former maintaining authority concerned, and references to a comparable maintained school are references to such a school, any characteristics of which relevant for the purposes of any formula of a kind referred to in paragraph (2) are identical to any such characteristics of the grant-maintained school and are references (in particular) to a school —

- (a) the number of registered pupils in each age group at which is identical to the number of such pupils in each age group at the grant-maintained school; and
- (b) any other factors affecting the needs of which (including in particular, the number of registered pupils at the school who have special educational needs and the nature of the special educational provision required to be made for them) are identical to any other factors affecting the needs of the grant-maintained school.

(6) For the purposes of this regulation, it is to be assumed that a comparable maintained school is covered by the former maintaining authority's scheme whether or not such a school is in fact covered by their scheme.

(7) References in this regulation to any formula (other than references to the per capita formula) include references to any methods, principles and rules of any description however expressed.

Apportionment of maintenance grant

5. In the case of any school which acquires grant-maintained status otherwise than at the beginning of a financial year, the annual amount of maintenance grant payable to the governing body of the school for the first such year shall be apportioned in accordance with the following formula —

$$\frac{A \times B \times F}{C}$$

where —

- A is the number of days in the financial year falling on or after the incorporation date of the school;
- B is the amount of maintenance grant determined in accordance with (as the case may be) regulation 3 or 4 above;
- C is 365; and
- F bears the value ascribed to it in the Table below according to the incorporation date of the school —

where incorporation date	1 April – 31 July	F=1.0
"	1 August – 31 December	F=1.015
"	1 January – 31 March	F=1.02.

Adjustments

6.—(1) Where, after determining the amount of maintenance grant payable in respect of any school for any financial year (or any part of such a year) in accordance with these Regulations, it appears to the Secretary of State that, by reason of any change in the characteristics of the school or the level of spending by the former maintaining authority, or otherwise, the amount so payable should be revised, he may redetermine the amount of such grant payable in respect of the school for that year (or any part of that year) in accordance with these Regulations and, if the amount so redetermined is different from the amount previously determined, revise his determination accordingly and give notice thereof to the governing body of the school and to the former maintaining authority.

(2) A determination which has been revised in accordance with paragraph (1) above may be further revised in accordance with that paragraph.

Requirements which may be attached to payment of maintenance grant

7.—(1) The requirements set out in Schedule 4 are specified as requirements which may be imposed by the Secretary of State on governing bodies to whom payments in respect of maintenance grant are or have been made.

(2) Those requirements also include such requirements relating to the conduct of the school's financial affairs as may be determined by the Secretary of State and set out in a financial memorandum delivered to the governing body of the school.

Power to pay capital grant

8. The Secretary of State may pay capital grant in respect of expenditure of a capital nature incurred or to be incurred by the governing body of a school.

Meaning of "expenditure of a capital nature"

9. For the purposes of regulation 8, the reference to expenditure of a capital nature is a reference to expenditure of a class or description specified in Schedule 5.

Power to pay special purpose grants

10.—(1) The Secretary of State may pay to the governing body of any school grants (to be known as special purpose grants) in respect of expenditure of any class or description specified in Schedule 6 incurred or to be incurred by them —

- (a) for or in connection with educational purposes of any class or description so specified;
- (b) in making any provision (whether of educational services or facilities or otherwise) of any class or description so specified which appears to the Secretary of State to be required for meeting any special needs of the population of the area served by the school; or
- (c) in respect of expenses of any class or description so specified being expenses which it appears to the Secretary of State the governing bodies of schools cannot reasonably be expected to meet from maintenance grant.

(2) Special purpose grants may be paid on a regular basis in respect of expenditure of a recurrent kind or by reference to expenditure incurred or to be incurred on particular occasions or during any particular period.

Requirements which may be attached to payment of special purpose grants

11.—(1) The requirements set out in Schedule 4 and in paragraph (2) below are specified as requirements which may be imposed by the Secretary of State on governing bodies to whom payments in respect of special purpose grants are or have been made.

- (2)(a) Such requirements relating to the conduct of the school's financial affairs as may be determined by the Secretary of State and set out in a financial memorandum delivered to the governing body of the school;
- (b) a requirement that any such payment shall be applied for the purpose of defraying expenditure in respect of which it was made and for no other purpose;

- (c) a requirement that such a payment shall be so applied before a date specified by the Secretary of State;
- (d) requirements imposed with a view to the Secretary of State satisfying himself that any requirement imposed in accordance with paragraph (b) or (c) above is being, or has been, complied with including, in particular, requirements as to the furnishing by the governing body of audited statements in respect of expenditure in respect of which the grant has been paid together with such accounts, receipts, invoices and other information as he may require in order to verify the same; and
- (e) requirements as to the repayment, in whole or in part, of payments made to the governing body in respect of such grant if any other requirement imposed by him in accordance with this regulation subject to which the payments were made is not complied with.

PART 3

RECOVERY OF AMOUNTS IN RESPECT OF MAINTENANCE GRANT FROM FORMER MAINTAINING AUTHORITY

Determination of amount to be recovered

12.—(1) Subject to paragraph (2) below, the total amount which the Secretary of State may recover from the former maintaining authority of a school in respect of any financial year by virtue of section 81(1) of the Act is the amount determined in accordance with these Regulations as the amount of the maintenance grant payable in respect of the school and financial year in question (as from time to time revised).

(2) The amount which would otherwise fall to be determined in accordance with paragraph (1) above as the total amount recoverable from a former maintaining authority by virtue of subsection (1) of section 81 of the Act in respect of any school for any financial year may be reduced by an amount not exceeding the amount outstanding in respect of any excess amount recovered from the authority under that section in respect of any previous financial year.

SCHEDULE 1

Regulation 3(3)

HEADS OR ITEMS OF EXPENDITURE FOR THE PURPOSE OF DETERMINING "RELEVANT EXPENDITURE"

The following heads or items of expenditure are to be included when determining "relevant expenditure" for the purposes of regulation 3 except to the extent that any such expenditure falls within any description of expenditure listed in Schedule 3:

1. Salaries of, and other costs attributable to, staff employed to work wholly or partly at the school other than staff employed in the provision of school meals.
2. Expenditure on books, stationery and other educational equipment for use at the school.
3. Expenditure on telephones and postage for the purposes of the school.
4. Examination fees incurred in relation to registered pupils at the school.
5. Expenditure relating to the school premises, including in particular —
 - (a) heating and lighting;
 - (b) caretaking and cleaning;
 - (c) rent, rates and water rates;
 - (d) insurance; and
 - (e) repairs and maintenance.

6. Any other expenditure treated by the authority as forming part of the direct costs of the school.

SCHEDULE 2

Regulation 3(4)

HEADS OR ITEMS OF EXPENDITURE WHICH ARE RELEVANT FOR THE PURPOSE OF DETERMINING A SCHOOL'S SHARE OF CENTRALLY PROVIDED SERVICES

The heads or items of expenditure which are relevant for the purpose of determining a school's share of expenditure on centrally provided services are all heads or items of expenditure directly or indirectly attributable to primary or secondary schools maintained by the authority as the case may be, including:

- (a) provision of central administrative services, including in particular legal and audit services;
- (b) provision of inspection and advisory services;
- (c) provision of school meals and milk;
- (d) central provision for recurrent expenditure arising from unspecified contingencies;
- (e) provision to meet the costs of redundancy and compensation for premature retirement;
- (f) provision for insurance against losses arising from governors' liabilities, or to the premises or equipment of schools;
- (g) repairs and maintenance costs;
- (h) provision of peripatetic and advisory teachers,

except to the extent that any such expenditure is treated by the authority as forming part of the direct costs of its schools (Schedule 1) or is not relevant for the purpose of determining a school's share of centrally provided services (Schedule 3).

SCHEDULE 3

Regulation 3(3) and (4)

HEADS OR ITEMS OF EXPENDITURE WHICH ARE NOT RELEVANT FOR THE PURPOSE OF DETERMINING A SCHOOL'S SHARE OF CENTRALLY PROVIDED SERVICES

The following heads or items of expenditure are not relevant for the purpose of calculating a school's share of expenditure on centrally provided services:

- (a) Expenditure treated by the former maintaining authority as expenditure of a capital nature;
- (b) Expenditure in respect of the repayment of the principal of, the payment of interest on and the discharge of any other financial obligations in connection with any loan raised to meet expenditure of a capital nature;
- (c) Expenditure which is offset by income received as central government grant in support of specific expenditure;
- (d) Expenditure on the following items and on any necessary administrative costs associated therewith:
 - (i) transport of pupils between home and school;
 - (ii) the provision of clothing for pupils;
 - (iii) the granting of scholarships, exhibitions, bursaries or other allowances to pupils over compulsory school age, to enable pupils to take advantage of educational facilities without hardship to themselves or their parents;
 - (iv) expenditure on education welfare officers and educational psychologists unless such expenditure is delegated to schools within the former maintaining authority as a consequence of a scheme approved by the Secretary of State under section 34 of the Education Reform Act 1988;

- (v) expenditure on additional support provided to schools specifically for pupils with statements of special educational needs in accordance with those statements, unless such expenditure is delegated to schools within the former maintaining authority as a consequence of a scheme approved by the Secretary of State under section 34 of the Education Reform Act 1988.

SCHEDULE 4

Regulations 7 and 11

REQUIREMENTS WHICH MAY BE ATTACHED TO PAYMENT OF MAINTENANCE GRANTS AND SPECIAL PURPOSE GRANTS

1. A requirement that the governing body shall secure, so far as their powers extend, that the school is conducted in accordance with any requirements imposed by or under any enactment including, in particular, any imposed by or under the Act or the instrument or articles of government for the school.
2. Requirements with respect to the maintenance of proper accounts including, in particular, requirements as to —
 - (a) the appointment by the governing body of a person who will be responsible to them for the administration of their financial affairs;
 - (b) the accounting systems and methods to be adopted by the governing body and the form of their accounts and supporting records;
 - (c) internal financial controls including, in particular, requirements as to the procedures to be adopted with respect to the receipt and disbursement of money by the governing body; and
 - (d) the publication of the governing body's accounts.
3. Requirements as to audit and inspection of the governing body's accounts, including, in particular, requirements as to —
 - (a) the procedure to be adopted in appointing and replacing auditors;
 - (b) any qualifications the auditors are to possess;
 - (c) the duration of auditors' appointments;
 - (d) the frequency of audits;
 - (e) the functions which are to be performed by the auditors in respect of the school;
 - (f) the inspection of accounts and supporting records on request by any person authorised by the Secretary of State; and
 - (g) examinations by persons authorised by the Secretary of State or the Comptroller and Auditor General into the economy, efficiency and effectiveness with which the governing body of the school have used their resources in discharging their functions.

SCHEDULE 5

Regulation 9

EXPENDITURE OF A CAPITAL NATURE

1. Expenditure of a capital nature is expenditure on, or in connection with, —
 - (a) the acquisition, reclamation, improvement or laying out of any land;
 - (b) the acquisition, construction, enlargement, improvement, repair or demolition of any building, wall, fence or other structure, or any playground or other hard-standing;
 - (c) the laying out of playing fields and other facilities for social activities and physical recreation; or
 - (d) the provision of any furniture, plant, machinery, apparatus, vehicles, vessels and equipment;used or intended to be used for the purposes of a school.
2. In paragraph 1 above "building" includes any fixtures and fittings affixed to a building.

**EXPENDITURE IN RESPECT OF WHICH SPECIAL PURPOSE GRANTS
MAY BE PAID**

1. In this Schedule —

“eligible training” means —

- (a) the training or further training as teachers of persons other than qualified teachers who are employed by the governing body of a school; and
- (b) the further training of any qualified teacher who is employed by the governing body of a school; and

“trainee” means a person undergoing eligible training in respect of whom special purpose grant is being paid under these Regulations.

2. Special purpose grants may be paid

- (a) in respect of expenditure incurred or to be incurred for or in connection with any of the purposes for which education support grants are for the time being payable by virtue of regulations made under section 1 of the Education (Grants and Awards) Act 1984(a).
- (b) in respect of expenditure incurred or to be incurred for or in connection with the training of any teacher or other member of the staff of a school including, in particular, expenditure incurred or to be incurred on —
 - (i) tuition fees, examination fees and residential and other charges payable in respect of eligible training;
 - (ii) travelling, subsistence and other incidental expenses of a trainee;
 - (iii) that part of the remuneration of persons whose employment is necessary to free the trainee for training which relates to the period during which their employment is so necessary; and
 - (iv) the cost of providing (including the provision of premises), planning, co-ordinating, monitoring and evaluating eligible training;

provided that where such costs are incurred for such purposes and for other purposes special purpose grant shall be payable only in respect of such proportion of those costs as is attributable to the provision, planning, co-ordinating, monitoring or evaluation of eligible training; and

- (c) in respect of expenses which it appears to the Secretary of State the governing bodies of schools cannot reasonably be expected to meet from maintenance grant being in particular expenses incurred or to be incurred for or in connection with —
 - (i) any structural survey which the Secretary of State has required to be carried out in respect of any building used for the purposes of the school;
 - (ii) the dismissal (whether by reason of redundancy or otherwise) or for the purpose of securing the resignation of any person who is or was a member of the staff of the school, and the premature retirement of such a person;
 - (iii) any liability of the school in respect of Value Added Tax; and
 - (iv) insurance of the school premises.

Angela Rumbold
Minister of State, Department
of Education and Science

27th July 1989

(a) 1984 c.11; see the Education Support Grant Regulations 1984 (S.I. 1984/1098), amended by S.I. 1987/1960, 1988/1214 and 2037.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide for the calculation and manner of payment of grants by the Secretary of State to the governing bodies of grant-maintained schools established under the provisions of the Education Reform Act 1988 ("the Act"). Three types of grant are payable: maintenance grant, paid on an annual basis, which is intended to cover the normal running costs of the school; capital grant, to meet capital expenditure; and special purpose grant, to meet expenditure incurred on particular educational purposes or expenditure which the governing body could not reasonably be expected to meet out of maintenance grant.

Regulation 3 contains transitional provisions relating to the calculation of maintenance grant in respect of financial years before the local education authority by which the grant-maintained school was formerly maintained ("the former maintaining authority") is required to produce a financial statement under section 2 of the Act relating to schemes for the local management of its county and voluntary schools. The Secretary of State is required to determine an amount which represents relevant expenditure on the school incurred in the last financial year by the former maintaining authority, to which is to be added an amount representing the school's share of planned expenditure by that authority in respect of centrally provided services for all its maintained primary or secondary schools in the financial year to which the grant relates. Schedules 1 to 3 set out what expenditure is relevant, and what is to be disregarded for these purposes. There is provision for the adjustment of the amount so determined to take account of changed levels of expenditure by the former maintaining authority or changes in the characteristics of the grant-maintained school, and for the Secretary of State to proceed to a determination on the basis of the information available to him on a given date if he has insufficient information to make accurate determinations of relevant expenditure on the school or the school's share of planned expenditure centrally provided services.

Regulation 4 concerns the determination of maintenance grant for financial years when the former maintaining authority has to prepare a statement under section 42 of the Act. The Secretary of State is to determine an amount which represents the amount which the school would have received as its budget share for the year under the authority's approved scheme of financial delegation. To this is to be added a school's share of planned expenditure by the authority for its schools on excepted items falling outside the delegated budget payable under that scheme.

Regulation 5 deals with the apportionment of maintenance grant for schools which attain grant-maintained status other than at the beginning of a financial year.

The amount of maintenance grant payable in respect of a school may be adjusted if circumstances change subsequently. (Regulation 6).

Regulation 7 and Schedule 4 provide for requirements which may be attached to the payment of maintenance grant.

The Secretary of State may pay capital grant in respect of the types of expenditure set out in Schedule 5. (Regulations 8 and 9).

Regulation 10 provides for the payment of special purpose grant in respect of the types of expenditure set out in Schedule 6; regulation 11 provides for the attachment of requirements, including those set out in Schedule 4.

Regulation 12 provides for the recovery by the Secretary of State from the former maintaining authority of the amount of maintenance grant payable in respect of any grant-maintained school. This amount is subject to adjustment to reflect any excess paid by that authority in previous financial years.

