
EXPLANATORY NOTE

(This note is not part of the Regulations)

Before the new provisions contained in the Education Act 2002 came into force local education authorities were required to allocate expenditure to 2 budgets — (section 46 of the School Standards and Framework Act 1998):

- local schools budget (LSB)
- individual schools budget (ISB)

Part 2 of and Schedule 2 to the Financing of Maintained Schools Regulations 1999 (the 1999 Regulations) defines the LSB and the ISB.

Section 45A of the 1998 Act as inserted by section 41(1) of the Education Act 2002 (which replaces the old section 46 which is revoked by the 2002 Act) now requires local education authorities to allocate expenditure to 3 budgets:

- LEA budget
- Schools budget
- Individual schools budget

The make up of the new LEA, schools budget and individual schools budget categories is specified in these regulations and replaces Part II of and Schedule 2 to the 1999 Regulations.

These Regulations prescribe the expenditure which makes up a local education authority's LEA budget and schools budget for financial years beginning on and after 1st April 2004.

The classes or descriptions of planned expenditure which comprise the LEA budget are described in regulation 5 and in Schedule 1. The schools budget is described in regulation 4.

Schedule 2 specifies the nature of the planned expenditure which a local education authority may deduct from their schools budget in a financial year in order to arrive at their individual schools budget for that financial year. An authority's individual schools budget is the amount which is divided between the schools which they maintain in the form of budget shares for each school.

Regulation 3 revokes the relevant parts of the 1999 Regulations.