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STATUTORY INSTRUMENTS

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**2006 No. 468**

**The School Finance (England) Regulations 2006**

**PART 1**

**INTRODUCTION**

**Citation, commencement, application and interpretation**

1.—(1) These Regulations may be cited as the School Finance (England) Regulations 2006 and shall come into force two days after the day on which they are made.

(2) These Regulations apply in relation to the financial years beginning on 1st April 2006 and 1st April 2007.

(3) These Regulations apply only in relation to England.

(4) In these Regulations—

“the 1996 Act” means the Education Act 1996(1);

“the 1998 Act” means the School Standards and Framework Act 1998;

“the 2000 Act” means the Learning and Skills Act 2000(2);

“the 2002 Act” means the Education Act 2002(3);

“the 2005 Act” means the Education Act 2005(4);

“the 2003 (No. 2) Regulations” means the Financing of Maintained Schools (England) (No. 2) Regulations 2003(5);

“the 2004 Regulations” means the Financing of Maintained Schools (England) Regulations 2004(6);

“the Budget Regulations” means the LEA Budget, Schools Budget and Individual Schools Budget (England) Regulations 2004(7); and

The “Amended Budget Regulations” means the LEA Budget, Schools Budget and Individual Schools Budget (Amendment) (England) Regulations 2005(8);

“admission number” means the number of pupils in any relevant age group intended to be admitted in any school year as determined by an admission authority in accordance with section 89A of the 1998 Act(9);

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(1) 1996 c. 56.

(2) 2000 c. 21.

(3) 2002 c. 32.

(4) 2005 c. 18.

(5) S.I.2003/3247.

(6) S.I. 2004/3130.

(7) S.I. 2004/3131.

(8) S.I. 2005/526.

(9) This is the definition inserted by regulation 2(1) of the Education (Variation of Admission Arrangements) (Amendment) (England) Regulations 2002 (S.I. 2002/2896) into the Education (Variation of Admission Arrangements) (England) Regulations 1999 (S.I. 1999/126).

“capital expenditure” means expenditure of a local authority which falls to be capitalised in accordance with proper practices, or expenditure which shall be treated as capital expenditure by virtue of any regulations or directions made under section 16 of the Local Government Act 2003<sup>(10)</sup>;

“central expenditure” means the total amount deducted by a local education authority from their schools budget;

“CERA” means capital expenditure which an authority expect to charge to a revenue account of the authority within the meaning of section 22 of the Local Government Act 2003<sup>(11)</sup>;

a “combined service” is a service funded partly from central expenditure, and partly from other budgets of the authority or contributions from other bodies;

the “Dedicated Schools Grant” is the grant of that name paid to a local education authority by the Secretary of State under section 14 of the 2002 Act;

“expenditure on the school specific contingency” is expenditure—

- (a) it would not be reasonable to expect a governing body to meet from the school’s budget share;
- (b) on increases to a school’s budget share to which the school is entitled by virtue of the authority’s formula or the determination of budget shares under the authority of the schools forum or the Secretary of State; and
- (c) on the correction of errors;

“funding period 1” is the financial year beginning on 1st April 2006;

“funding period 2” is the financial year beginning on 1st April 2007;

“key stage 4” means the fourth key stage of the National Curriculum for England comprising core and foundation subjects, and other elements as described in section 85 of the 2002 Act, as amended by any Order made by the Secretary of State under subsection (6)(d) of that section;

a “local education authority’s formula” has the meaning in regulation 9;

the “LSC” is the Learning and Skills Council for England<sup>(12)</sup>;

a reference (however framed) to a maintained nursery school, a community, foundation or voluntary school or a community or foundation special school includes a proposed school which on implementation of proposals for the establishment of the school will be such a school, and which has a temporary governing body;

a reference to a particular class or description of expenditure in relation to maintained schools and to pupils registered at such schools shall include any expenditure of that class or description as the authority may incur in relation to Academies<sup>(13)</sup>, and to pupils registered at Academies;

a “Performance Reward Grant” is the grant of that name paid under section 31 of the Local Government Act 2003 to reward local authorities for improvements in local services;

“PFI scheme unitary payment” means a charge payable by a local education authority under a private finance transaction as defined in regulation 16 of the Local Authorities (Capital Finance) Regulations 1997<sup>(14)</sup>;

“primary or secondary school” means a primary or secondary school which is a community, foundation, voluntary or maintained nursery school;

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<sup>(10)</sup> 2003 (c. 26). Regulations made under this section are the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 (S.I. 2003/3146), as amended by S.I. 2004/534 and 2004/3055.

<sup>(11)</sup> 2003 c. 26.

<sup>(12)</sup> The Learning and Skills Council for England was established under section 1 of the 2000 Act.

<sup>(13)</sup> Academies are established under section 482 of the 1996 Act. Section 482 was substituted by section 65 of the 2002 Act.

<sup>(14)</sup> S.I. 1997/319, as amended by S.I. 1998/371, 1999/1852 and 2003/515. The Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 (S.I. 2004/533) contains savings provisions for regulation 16 of the 1997 Regulations.

“proper practices” means those accounting practices which a local authority are required to follow by virtue of any enactment, or which, so far as they are consistent with any such enactment are generally regarded, whether by reference to any generally recognised published code or otherwise, as proper accounting practices to be followed in the keeping of the accounts of local authorities, either generally or of the description concerned<sup>(15)</sup>;

“prudential borrowing” means borrowing money for the purpose of facilitating the modernisation and rationalisation of the school estate, where the revenue savings that will be achieved are equal to or more than the expenditure that will be incurred in borrowing the money;

“School Improvement Partner” means a person employed by, or engaged to work for, a local education authority in accordance with the programme of that name;

“School Standards Grant” is the grant of that name paid to a local education authority by the Secretary of State under section 14 of the 2002 Act;

“school year” means the period beginning with the first school term to begin after July and ending with the beginning of the first such term to begin after the following July, in accordance with the Education (School Day and School Year) (England) Regulations 1999<sup>(16)</sup>;

“SEN transport costs”, for the purposes of paragraph 35(e) of Schedule 2, means the costs of home to school transport for pupils with special educational needs in schools maintained by the authority, where the revenue savings that will be achieved by placing such children in a school maintained by the authority are equal to, or greater than, the cost of such transport;

“specific grant” means grant, other than the Dedicated Schools Grant and any grant made by the LSC under section 7 of the 2000 Act, paid to a local authority under conditions which impose restrictions on the particular purposes for which the grant may be used;

“summer term” means the third term of the school year;

“Threshold and Performance Pay Grant” means a sum of money paid under that name to a local education authority by the Secretary of State under section 14 of the 2002 Act;

“termination of employment costs”, for the purposes of paragraph 35(b) of Schedule 2, means expenditure in respect of the dismissal or premature retirement of, or for the purpose of securing the resignation of, any person employed in a maintained school where—

- (a) the dismissal, premature retirement or resignation occurs after the beginning of funding period 1, and
- (b) the revenue savings that will be achieved are equal to or greater than the costs incurred;

“vocational education” means education provided to pupils aged 14–16 years at school or elsewhere which prepares them for a qualification for a particular profession, trade or employment, or which provides the necessary training and skills for such a profession or employment.

## **Revocation of previous Regulations**

2. The 2003 (No. 2) Regulations, the Budget Regulations, and the Amended Budget Regulations are revoked on 1st April 2006.

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<sup>(15)</sup> Section 2 of the Local Government Act 2003 (c. 32) and regulations 25 and 26 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (S.I. 2003/3146) as amended by S.I. 2004/534.

<sup>(16)</sup> S.I. 1999/3181.