

SCHEDULE 2

Regulations 6 and 8

CLASSES OR DESCRIPTIONS OF PLANNED EXPENDITURE PRESCRIBED FOR THE PURPOSES OF THE SCHOOLS BUDGET OF A LOCAL AUTHORITY WHICH MAY BE DEDUCTED FROM IT TO DETERMINE THE INDIVIDUAL SCHOOLS BUDGET

PART 1

Historic commitments

1. CERA incurred for purposes not falling within any other paragraph of this Schedule or Schedule 1.

2. Expenditure in respect of—

- (a) prudential borrowing;
- (b) termination of employment costs, where the schools forum has approved the charging of these costs to the schools budget for the funding period in which they were incurred and the revenue savings achieved by the termination of employment to which they relate are equal to or greater than the costs incurred;
- (c) services (often known as combined budgets) funded partly from central expenditure and partly from other budgets of the local authority or contributions from other bodies, where the expenditure relates to classes or descriptions of expenditure falling outside those in this Schedule;
- (d) special educational needs transport costs; and
- (e) purposes not falling within any other paragraph of this Schedule, provided that the expenditure does not amount in total to more than 0.1% of the authority's schools budget,

which was approved by the schools forum or the Secretary of State before 1st April 2013.

3. Any deductions under paragraph 1 or 2(a) to (e) must not exceed the amount deducted under each of the corresponding paragraphs of Part 1 of Schedule 2 to the 2023 Regulations for the previous funding period.

PART 2

Central schools expenditure

4. Expenditure due to a significant growth in pupil numbers as a result of the local authority's duty under section 13(1) of the 1996 Act⁽¹⁾ to secure that efficient primary education and secondary education are available to meet the needs of the population of its area, including expenditure resulting from the additional costs associated with establishing a new school.

5. Expenditure to be incurred due to a decline in pupil numbers in schools maintained by the authority or in Academy schools where data provided by a local authority to the Secretary of State in accordance with regulation 3 of, and paragraphs 2 (forecasts of pupil numbers) and 4 (total capacity) of Schedule 1 to, the Information as to Provision of Education (England) Regulations 2016⁽²⁾, in the period beginning with 1st June 2022 and ending with 10th August 2022 indicates that—

(1) Section 13(1) was amended by section 149 of, and paragraphs 1 and 52 of Schedule 9 to, the 2000 Act, section 59 of, and paragraphs 1 and 2 of Schedule 2 to, the 2009 Act and [S.I. 2010/1158](#).

(2) [S.I. 2016/555](#). Regulation 3 and Schedule 1 were substituted by [S.I. 2023/1186](#), but the information provided during the period referred to in paragraph 5(a) would have been provided under [S.I. 2016/555](#) as those Regulations had effect at that time.

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- (a) growth in pupil numbers is expected in the three years starting with the school year beginning in the funding period; and
 - (b) additional funding is likely to be necessary to provide for that expected growth in pupil numbers.
6. Expenditure to be incurred before the opening of new schools to fund the appointment of staff and to enable the purchase of any goods and services necessary in order to admit pupils.
7. Expenditure to make provision for extra classes in order to comply with the School Admissions (Infant Class Sizes) (England) Regulations 2012(3).
8. Expenditure on licences which are negotiated centrally by the Secretary of State for all publicly funded schools.
9. Expenditure on the operation of the system of admissions of pupils to schools (including expenditure incurred in carrying out consultations under section 88C(2) of the 1998 Act) and in relation to appeals.
10. Expenditure under section 16 (power to establish, assist and maintain primary or secondary schools) or 18 of the 1996 Act (power to arrange education at non-maintained schools)(4) in making any grant or other payment in respect of fees or expenses (of whatever nature) which are payable in connection with the attendance of pupils at a school which is not maintained by any local authority.
11. Expenditure in relation to boarding fees for pupils in accordance with—
- (a) sections 458(5) or 514(6) of the 1996 Act (in relation to boarding fees for pupils at a maintained school); and
 - (b) section 514(2) of the 1996 Act or section 10A(7) of the 2010 Act (in relation to boarding fees for pupils at Academies or alternative provision Academies).
12. Expenditure in connection with the authority’s functions under section 47A of the 1998 Act (establishment and maintenance of, and consultation with, schools forums).
13. Expenditure on pay arrears due to staff employed at maintained schools and other staff whose salaries are met from the schools budget, and expenditure on the costs of financing payment of such arrears, where the expenditure is not chargeable to a maintained school’s budget share under the terms of the local authority’s scheme.

PART 3

Other central education expenditure

Asset management

14. Expenditure in connection with education functions in relation to the following areas of expenditure—
- (a) management of the authority’s capital programme including preparation and review of an asset management plan and negotiation and management of private finance transactions; and

(3) [S.I. 2012/10](#), amended by [S.I. 2014/852](#) and [2103](#).

(4) Section 16 was amended by section 126(1) of the 2009 Act. Sections 16 and 18 were both amended by [S.I. 2010/1158](#).

(5) Section 458 was amended by section 140(1) and (3) of, and paragraph 123 of Schedule 30 to, the 1998 Act and by [S.I. 2010/1158](#).

(6) Section 514 was amended by section 140(1) of, and paragraph 135 of Schedule 30 to, the 1998 Act and by [S.I. 2010/1158](#).

(7) Section 10A was inserted by section 61 of the 2011 Act and further amended by paragraph 4 of Schedule 13 to that Act.

- (b) landlord responsibilities of the authority (including in relation to land leased to Academy schools and alternative provision Academies),

which is not within the description of expenditure at paragraph 78 of this Schedule.

Strategic management

15. Expenditure on education functions related to—

- (a) functions of the director of children’s services and the personal staff of the director;
- (b) planning for the education service as a whole;
- (c) authorisation and monitoring of expenditure which is not met from the budget shares of schools maintained by the authority, and all related financial administration;
- (d) the formulation and review of the methods of allocating resources to schools maintained by the authority, and other bodies;
- (e) internal audit and other tasks necessary for the discharge of the authority’s chief finance officer’s responsibilities under section 151 of the Local Government Act 1972⁽⁸⁾ in so far as the responsibilities do not relate to maintained schools; and
- (f) the preparation and review of plans involving collaboration with other local authority services or with public or voluntary bodies.

Other functions

16. Expenditure arising from the authority’s functions under Chapter 2 of Part 6 of the 1996 Act (school attendance).

17. Expenditure in connection with the authority’s functions in relation to the standing advisory council on religious education constituted by the authority under section 390 of the 1996 Act⁽⁹⁾ or on the reconsideration and preparation of an agreed syllabus of religious education in accordance with Schedule 31 to the 1996 Act⁽¹⁰⁾.

18. Expenditure in connection with powers and duties performed under Part 2 of the Children and Young Persons Act 1933⁽¹¹⁾ (enforcement of, and power to make byelaws in relation to, restrictions on the employment of children).

19. Expenditure in relation to consultation and functions preparatory to consultation with or by governing bodies, pupils, or with other interested bodies in connection with education functions, which is not within the description of expenditure at paragraph 68 of this Schedule.

20. Expenditure on the authority’s functions in relation to the exclusion of pupils from schools.

21. Expenditure in relation to provision of information to or at the request of the Crown and the provision of other information which the authority is under a duty to make available, which is not within the description of expenditure at paragraph 70.

22. Expenditure on education functions related to revenue budget preparation, preparation of information on income and expenditure relating to education for incorporation into the authority’s annual statement of accounts, and the external audit of grant claims and returns relating to education, that is not within the description of expenditure at paragraph 75 of this Schedule.

(8) 1972 c. 70.

(9) Section 390 was amended by section 140(1) of, and paragraph 93 of Schedule 20 to, the 1998 Act.

(10) Schedule 31 was amended by section 140(1) and (3) of, and paragraph 188 of Schedule 30 to, the 1998 Act and by S.I. 2010/1158.

(11) 1933 c. 12.

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23. Expenditure in connection with the authority's duty under regulation 9A of the School Information (England) Regulations 2008**(12)**.

24. Expenditure in relation to 30.5% of the total employer contribution to the pension costs for—

- (a) members of the teachers' pension scheme to which the Teachers' Pensions Regulations 2010**(13)** apply; and
- (b) members of the Teachers' Pension Scheme 2015 established under regulation 2 of the Teachers' Pension Scheme Regulations 2014**(14)**,

who are employed by the local authority but not employed to work in a maintained school under the direct management of the head teacher or governing body.

PART 4

Central early years expenditure

25. Expenditure on early years provision, excluding expenditure—

- (a) on such provision in a maintained school;
- (b) on relevant early years provision;
- (c) on community early years provision; and
- (d) on excluded early years provision.

26. Expenditure on determining—

- (a) the eligibility for free school meals of a pupil who is being provided with early years provision;
- (b) the eligibility of a child for funded early years provision;
- (c) the eligibility of a child for the early years pupil premium; or
- (d) the eligibility of a child for the disability access fund.

27. Expenditure on an early years contingency fund, for subsequent distribution to providers of funded early years provision, as a result of the attendance of an additional number of children.

PART 5

Children and young people with high needs

28. Expenditure in respect of pupils with special educational needs in primary and secondary schools, excluding expenditure—

- (a) in respect of pupils who have not attained compulsory school age in a maintained nursery school or a nursery class in a maintained school or an Academy school;
- (b) in respect of pupils in places which the authority has reserved for children with special educational needs; or
- (c) which it would be reasonable to expect would be met from a maintained school's budget share or the general annual grant paid to an Academy school by the Secretary of State.

29. Expenditure in respect of pupils—

(12) S.I. 2008/3093. Regulation 9A was inserted by S.I. 2017/37.

(13) S.I. 2010/990, to which there are amendments not relevant to these Regulations.

(14) S.I. 2014/512, to which there are amendments not relevant to these Regulations.

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- (a) with special educational needs at special schools and special Academies; or
- (b) in places at primary or secondary schools which the authority has reserved for children with special educational needs,

where the expenditure cannot be met from the sum referred to in regulation 14(1) or (2) (special school places or places for pupils with special educational needs) or where it would be unreasonable to expect such expenditure to be met from a maintained school's budget share or the general annual grant paid to an Academy school by the Secretary of State.

30. Expenditure in respect of persons provided with further education who are—

- (a) aged under 19 and have special educational needs; or
- (b) aged over 18 but under 25 and are subject to an EHC plan, and are not attending a maintained school, an Academy school, an alternative provision Academy⁽¹⁵⁾, a non-maintained special school, or an independent school.

31. Expenditure on support services for children who have attained compulsory school age and for young people who are subject to an EHC plan, and for such children and young people with special educational needs who do not have such a plan.

32. Expenditure—

- (a) in respect of funding provision specified in an EHC plan of children who have not attained compulsory school age;
- (b) on services for children who have not attained compulsory school age and are subject to an EHC plan, and for such children with special educational needs who do not have such a plan, other than expenditure in respect of which sub-paragraph (a) applies.

33. Expenditure for the purposes of encouraging—

- (a) collaboration between special schools and primary and secondary schools to enable children and young people with special educational needs to engage in activities at primary and secondary schools;
- (b) the education of children and young people with special educational needs at primary and secondary schools; and
- (c) the engagement of children and young people with special educational needs at primary and secondary schools in activities at the school with children and young people who do not have special educational needs,

in cases where the local authority considers it would be unreasonable for such expenditure to be met from a maintained school's budget share or the general annual grant paid to an Academy school or alternative provision Academy by the Secretary of State.

34. Expenditure incurred in relation to, or in connection with, education provided otherwise than at a school or post-16-institution under section 19 of the 1996 Act (exceptional provision of education in pupil referral units or elsewhere) or under section 61 of the 2014 Act (special education provision otherwise than in schools, post-16 institutions etc)—

- (a) where that expenditure is incurred otherwise than in relation to education at a pupil referral unit or alternative provision Academy; or
- (b) where that expenditure is incurred in relation to education—
 - (i) at a pupil referral unit, if it cannot be met from the sum referred to in regulation 14(3);
 - or

⁽¹⁵⁾ For the meaning of "alternative provision Academy", see section 1C of the Academies Act 2010 (c. 32) ("the 2010 Act") as inserted by section 53(7) of the 2011 Act.

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- (ii) at an alternative provision Academy, if it would be unreasonable to expect that expenditure to be met from the general annual grant paid to that Academy by the Secretary of State.

35. Expenditure on the payment of fees in respect of children and young people with special educational needs—

- (a) at independent schools or at special schools which are not maintained by a local authority, under section 16 of the 1996 Act or section 63 of the 2014 Act (fees for special educational provision at non-maintained schools or post-16 institutions); or
- (b) at an institution outside England and Wales under section 320 of the 1996 Act (Provision outside England and Wales for certain children)(**16**) or section 62 of the 2014 Act.

36. Expenditure on hospital education services, aside from expenditure on hospital education places referred to in regulation 14.

37. Expenditure on special schools and pupil referral units in financial difficulty.

38. Expenditure on costs in connection with private finance initiatives and the programme known as “Building Schools for the Future” at—

- (a) maintained schools which provide secondary education falling within the description in section 2(2A) of the 1996 Act(**17**);
- (b) special schools;
- (c) special Academies;
- (d) pupil referral units;
- (e) alternative provision Academies; and
- (f) 16 to 19 Academies(**18**).

39. Expenditure on the provision of special medical support for individual children and young people in so far as such expenditure is not met by an NHS trust, NHS foundation trust, integrated care board or Local Health Board.

PART 6

Items that may be removed from maintained schools’ budget shares – primary and secondary schools

40. Expenditure (other than expenditure referred to in Schedule 1 or any other paragraph of this Schedule) incurred on services relating to the education of children with behavioural difficulties, and on other activities for the purpose of avoiding the exclusion of pupils from schools.

41. Expenditure on determining the eligibility of a pupil for free school meals.

42. Expenditure on making payments to, or in providing a temporary replacement for, a person on maternity, paternity, shared parental or adoption leave.

43. Expenditure on making payments to, or in providing a temporary replacement for, any person who is—

(16) Section 320 was amended by [S.I. 2010/1158](#).

(17) Section 2(2A) was inserted by section 110(1) of the 2000 Act and amended by section 65(3) of, and paragraph 6 of Schedule 7 to, the 2002 Act and by [S.I. 2010/1158](#).

(18) For the meaning of “16 to 19 Academy”, see section 1B of the 2010 Act as inserted by section 53(7) of the 2011 Act.

- (a) carrying out trade union duties or undergoing training under sections 168 and 168A of the Trade Union and Labour Relations (Consolidation) Act 1992⁽¹⁹⁾;
- (b) taking part in trade union activities under section 170 of the Trade Union and Labour Relations (Consolidation) Act 1992;
- (c) performing public duties under section 50 of the Employment Rights Act 1996⁽²⁰⁾;
- (d) undertaking jury service;
- (e) a safety representative under the Safety Representatives and Safety Committees Regulations 1977⁽²¹⁾;
- (f) a representative of employee safety under the Health and Safety (Consultation with Employees) Regulations 1996⁽²²⁾;
- (g) an employee representative for the purposes of Chapter 2 of Part 4 of the Trade Union and Labour Relations (Consolidation) Act 1992, as defined in section 196 of that Act⁽²³⁾ or regulation 13(3) of the Transfer of Undertakings (Protection of Employment) Regulations 2006⁽²⁴⁾;
- (h) taking time off for ante-natal care under section 55 of the Employment Rights Act 1996;
- (i) undertaking duties as a member of the reserve forces as defined in section 1(2) of the Reserve Forces Act 1996⁽²⁵⁾;
- (j) suspended from working at a school; or
- (k) appointed as a learning representative of a trade union, in order for that person to analyse training requirements or to provide or promote training opportunities, and to carry out consultative or preparatory work in connection with such functions.

44. Expenditure on making payments to, or in providing a temporary replacement for, a person who is seconded on a full-time basis for three months or more other than to a local authority or the governing body of a school.

45. Expenditure on making payments to, or in providing a temporary replacement for, persons who have been continuously absent from work because of illness for 21 days or more.

46. Expenditure on insurance in respect of liability arising in connection with schools and school premises.

47. Expenditure on a risk protection arrangement.

48. Expenditure on services to schools provided by museums and galleries.

49. Expenditure on library services.

50. Expenditure on licence fees or subscriptions paid on behalf of schools.

51. Expenditure on the schools specific contingency.

52. Expenditure for the purposes of—

- (a) improving the performance of under-performing pupils from minority ethnic groups; or
- (b) meeting the specific needs of bilingual pupils.

⁽¹⁹⁾ 1992 c. 52; section 168A was inserted by section 43 of the Employment Act 2002 (c. 22).

⁽²⁰⁾ 1996 c. 18.

⁽²¹⁾ S.I. 1977/500, amended by section 1 of the Employment Rights (Dispute Resolution) Act 1998 (c. 8) and S.I. 1996/1513, 1999/860, 1999/2024, 1999/3242, 2005/1541, 2006/594, 2008/960, 2013/1471, 2014/431, 2014/469 and 2016/562.

⁽²²⁾ S.I. 1996/1513, amended by section 1 of the Employment Rights (Dispute Resolution) Act 1998 (c. 8) and S.I. 1999/3242, 2005/1541, 2013/1471 and 2014/431.

⁽²³⁾ Section 196 was substituted by S.I. 1995/2587 and amended by S.I. 1999/1925.

⁽²⁴⁾ S.I. 2006/246. Regulation 13 was amended by S.I. 2010/93 and 2014/16.

⁽²⁵⁾ 1996 c. 14.

PART 7

Items that may be removed from maintained schools' budget shares – primary, secondary and special schools and pupil referral units

53. Expenditure incurred for the purposes of supporting the improvement of standards in maintained schools including expenditure in relation to the authority's functions under Part 4 of the 2006 Act (schools causing concern: England).

54. Expenditure in relation to the authority's functions under section 510 of the 1996 Act⁽²⁶⁾ (provision and administration of clothing grants) and under regulations made under section 518(2) of the 1996 Act⁽²⁷⁾.

55. Expenditure on the provision of tuition in music, or on other activities which provide opportunities for pupils to enhance their experience of music.

56. Expenditure incurred in enabling pupils to enhance their experience of the visual, creative and performing arts other than music.

57. Expenditure on outdoor education centres, but not including centres wholly or mainly for the provision of organised games, swimming or athletics.

58. Expenditure in relation to functions of the authority under Part I of the Local Government Act 1999⁽²⁸⁾ (best value) and the provision of advice to assist governing bodies in procuring goods and services with a view to securing continuous improvement in the way the functions of those governing bodies are exercised, having regard to a combination of economy, efficiency and effectiveness.

59. Expenditure in relation to authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and all related financial administration.

60. Expenditure in relation to the authority's monitoring of compliance with the requirements of its financial scheme prepared under section 48 of the 1998 Act, and any other requirements in relation to the provision of community facilities by governing bodies under section 27 of the 2002 Act.

61. Expenditure in relation to internal audit and other tasks necessary for the discharge of the authority's chief finance officer's responsibilities under section 151 of the Local Government Act 1972 in so far as the responsibilities relate to maintained schools.

62. Expenditure in relation to the authority's functions under regulations made under section 44 of the 2002 Act⁽²⁹⁾, in so far as the functions relate to maintained schools.

63. Expenditure in relation to investigations which the authority carries out of employees, or potential employees, of the authority, or of governing bodies of schools, or of persons otherwise engaged, or to be engaged, with or without remuneration to work at or for schools.

64. Expenditure in relation to functions of the authority in relation to local government superannuation which it is not reasonably practicable for another person to carry out, and functions of the authority in relation to the administration of teachers' pensions.

65. Expenditure in relation to advice, in accordance with the authority's statutory functions, to governing bodies in relation to staff paid, or to be paid, to work under the direct management of the head teacher or governing body at a school, and advice in relation to the management of all such

⁽²⁶⁾ Section 510 was amended by section 140 of, Schedule 30 to and paragraph 134 of Schedule 31 to, the 1998 Act, section 6(2) and paragraphs 2 and 5 of Schedule 1 to, the 2006 Act, section 54 of, and paragraph 9 of Schedule 13 to, the 2011 Act and [S.I. 2010/1158](#).

⁽²⁷⁾ Section 518(2) was substituted by section 129 of the 1998 Act and amended by [S.I. 1010/1158](#). Regulations made under section 518 are [S.I. 1998/86](#), [1999/229](#) and [1727](#), [2000/2057](#) and [2004/1006](#).

⁽²⁸⁾ [1999 c. 27](#).

⁽²⁹⁾ The relevant statutory instrument made under section 44 of the 2002 Act is [S.I. 2012/674](#).

staff collectively at any individual school, including in particular advice with reference to alterations in remuneration, conditions of service and the collective composition and organisation of such staff.

66. Expenditure in relation to determination of conditions of service for non-teaching staff, and advice to schools on the grading of such staff.

67. Expenditure in relation to the authority's functions regarding the appointment or dismissal of employees in maintained schools.

68. Expenditure in relation to consultation and functions preparatory to consultation with persons employed at schools or their representatives.

69. Expenditure in relation to compliance with the authority's duties under the Health and Safety at Work etc. Act 1974(30) and the relevant statutory provisions as defined in section 53(1) of that Act, in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools; but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and, where necessary, giving them advice.

70. Expenditure in relation to provision of information to or at the request of the Crown and the provision of other information which the authority is under a duty to make available, in so far as the information relates to maintained schools.

71. Expenditure in relation to the authority's functions pursuant to regulations made under section 12 of the 2002 Act(31) (supervising authorities of companies formed by governing bodies).

72. Expenditure in relation to the authority's functions under the discrimination provisions of the Equality Act 2010(32) in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools; but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and, where necessary, giving them advice.

73. Expenditure on establishing and maintaining those electronic computer systems, including data storage, which are intended primarily to maintain linkage between local authorities and schools which they maintain.

74. Expenditure on the appointment of governors, the making of instruments of government, the payment of expenses to which governors are entitled and which are not payable from a maintained school's budget share, and the provision of information to governors.

75. Expenditure on education functions related to revenue budget preparation, preparation of information on income and expenditure relating to education for incorporation into the authority's annual statement of accounts, and the external audit of grant claims and returns relating to education, in so far as those functions relate to maintained schools.

76. Expenditure on monitoring National Curriculum assessment arrangements required by orders made under section 87(3) of the 2002 Act.

77. Expenditure on retrospective membership of pension schemes and retrospective elections made in respect of pensions where it would not be appropriate to expect the governing body of the school to meet the cost from the school's budget share.

78. Expenditure on landlord responsibilities in relation to maintained schools, and in particular—
(a) expenditure in pursuance of duties performed under the School Premises (England) Regulations 2012(33); and

(30) 1974 c. 37.

(31) Section 12 was amended by S.I.2010/1158. Regulations made under section 12 are S.I. 2002/2978, amended by S.I. 2003/2049 and 2014/2923, 2002/3177, 2004/3264, 2006/2198 and 2009/1924.

(32) 2010 c. 15.

(33) S.I. 2012/1943.

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(b) expenditure in connection with duties under the Control of Asbestos Regulations 2012**(34)**.

79. Expenditure in respect of the dismissal or premature retirement of, or for the purpose of securing the resignation of, or in respect of acts of discrimination against, any person except to the extent that these costs are chargeable to maintained schools' budget shares or fall within paragraph 2(b) of this Schedule**(35)**.

80. Expenditure on inspecting attendance registers under the Education (Pupil Registration) (England) Regulations 2006**(36)**.

PART 8

Deficit from previous funding period

81. Expenditure in relation to any deficit in respect of the local authority's schools budget from a previous funding period.

(34) [S.I. 2012/632](#).

(35) Costs in connection with dismissal or premature retirement may be chargeable to a maintained school's budget share by virtue of section 37 of the 2002 Act. Section 37 was amended by section 117 of, and paragraph 14 of Schedule 18 to, the 2005 Act, section 47 of the 2011 Act and [S.I. 2010/1158](#).

(36) [S.I. 2006/1751](#), as amended by [S.I. 2007/603](#), [S.I. 2010/1172](#), [S.I. 2011/1625](#), [S.I. 2012/1033](#), [S.I. 2013/756](#), [S.I. 2016/792](#) and [S.I. 2021/852](#).