
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Financing of Maintained Schools Regulations 1999 (which now apply only to Wales).

Those 1999 Regulations prescribe the expenditure which makes up a local education authority's "local schools budget" and specify what expenditure may be deducted by them from their local schools budget in order to arrive at their individual schools budget. They also provide for the basis on which the latter budget is to be distributed between schools. They require local education authorities in a scheme prepared by them, to deal with specified matters connected with the financing of schools which they maintain.

The present Regulations make a number of changes to the 1999 Regulations. The more important ones are outlined below:—

1. *Regulation 3* is amended so that expenditure in connection with nursery schools is included in the local schools budget and so that the definition of capital financing costs excluded from the local schools budget extends to the capital financing elements of PFI payments.

2. *Regulation 7* is amended so as to enable a local education authority not to allocate all of their individual schools budget in the form of budget shares at the beginning of the financial year and instead to retain an amount for the purpose of re-determinations or the correction of errors.

3. *Regulation 19* is amended so as to require a local education authority to include factors or criteria in their formula to re-determine schools' budget shares and distribute to schools the unallocated balance of any amount retained under Regulation 7 before the end of the financial year.

4. *Regulation 20* is amended so that the calculation for adjusting a school's budget share where a pupil is permanently excluded on or after 1 April covers a move from an infants school to a junior school.

5. *Regulation 22* is amended so as to exclude from the individual schools budget any part of it initially retained, for the purpose of calculating the 75% minimum pupil-led funding figure.

6. *Schedule 2* (which lists planned expenditure which may be deducted from the local schools budget) is amended in the following ways:

- (i) in *paragraph 1*, dealing with expenditure offset by grants, provision is made for an exception where the grant is subject to a condition requiring it to be treated as part of the individual schools budget;
- (ii) a new *paragraph 2A* is inserted enabling local education authorities to deduct expenditure in connection with nursery schools from their local schools budget;
- (iii) *paragraph 19* is amended so that local education authorities may deduct from their local schools budget expenditure on the provision of premises and facilities for sporting activities and outdoor activities;
- (iv) a new *paragraph 28(c)* covers the local education authorities' statutory Best Value functions and enables them to meet the costs of giving advice to schools on Best Value issues;

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

(v) *Paragraph 33* is expanded so as to include payments to schools facing unavoidable costs which they cannot reasonably be expected to meet, in addition to unforeseeable items of expenditure.

7. *Schedule 3* (additional factors or criteria which may be taken into account in a local education authority's formula for allocating funding to individual schools) is amended so as to permit transitional arrangements where a local education authority inserts new factors or criteria in their formula; and adds a factor for payroll administration costs.