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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, which apply only to local education authorities in England, replace, for a financial year beginning on or after 1st April 1995, the Education (School Financial Statements) (Prescribed Particulars etc.) Regulations 1994 (“the 1994 Regulations”) as they apply to such local education authorities. The 1994 Regulations are to that extent revoked. The 1994 Regulations continue to apply for the financial year beginning 1st April 1994, the Education (School Financial Statements) (Prescribed Particulars etc.) Regulations 1993 continue to apply for the financial year beginning 1st April 1993 and the Education (School Financial Statements) (Prescribed Particulars etc.) Regulations 1990 continue to apply for earlier financial years (except in so far as they impose requirements in respect of section 42(4)(f) to (i) of the Education Reform Act 1988, being provisions repealed by section 275 of the Education Act 1993).

The main changes made by these Regulations are—

- (a) In Part 1 of a budget statement—
  - (i) certain categories of planned expenditure by a local education authority (on school inspections offset by income received from Her Majesty’s Chief Inspector of Schools in England, on pupil support, on governors' and local education authority liability insurance, on local education authority initiatives, on school specific contingencies and on certain provision for pupils from ethnic minorities) are reclassified as discretionary exceptions outside the potential schools budget, and
  - (ii) certain categories of planned expenditure by a local education authority (on services provided by education welfare officers and education social workers, on certain services provided by educational psychologists, on certain redundancy and compensation payments and in connection with the authority’s duties to make assessments of, and to make, maintain and review statements for, children with special educational needs) are reclassified as mandatory exceptions following the inclusion of such items of expenditure in the Education (Financial Delegation to Schools) (Mandatory Exceptions) Regulations 1995 (S.I.1995/178).
- (b) In Part 3 of a budget statement a new section 3Aii (special educational needs funding counted as pupil-led) has been added. Local education authorities will be able to treat certain forms of funding, relating to pupils with statements of special educational needs, as funding to be distributed by reference to pupil numbers for the purpose of meeting requirements in their scheme as to the proportion of funding to be distributed by reference to such matters.
- (c) Outturn statements are required to contain information about the amount of any reduction in a school’s budget share arising from the permanent exclusion of pupils and any increase in funding arising from the admission of pupils who have been permanently excluded from other schools.
- (d) Local education authorities are required to supply copies of budget and outturn statements to the Funding Agency for Schools.

The operation of the 1994 Regulations in relation to local education authorities in Wales is not affected by these Regulations.